

Stenhouse

IB

Union Calendar No. 121

100TH CONGRESS
1ST SESSION

H. R. 2470

[Report No. 100-105, Parts I and II]

To amend title XVIII of the Social Security Act to provide protection against catastrophic medical expenses under the Medicare Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 19, 1987

Mr. STARK (for himself, Mr. GRADISON, Mr. ROSTENKOWSKI, Mr. GIBBONS, Mr. PICKLE, Mr. JACOBS, Mr. FORD of Tennessee, Mr. JENKINS, Mr. DOWNEY of New York, Mr. GUARINI, Mr. PEASE, Mr. MATSUI, Mr. ANTHONY, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mrs. KENNELLY, Mr. DONNELLY, Mr. COYNE, Mr. ANDREWS, Mr. LEVIN of Michigan, Mr. MOODY, and Mr. BOEHLERT) introduced the following bill; which was referred jointly to the Committees on Ways and Means and Energy and Commerce

MAY 22, 1987

Reported from the Committee on Ways and Means

JULY 1, 1987

Additional sponsors: Mr. CHANDLER, Ms. SLAUGHTER of New York, Mr. PURSELL, Mr. SAWYER, Mr. SABO, and Ms. KAPTUR

JULY 1, 1987

Reported from the Committee on Energy and Commerce, with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend title XVIII of the Social Security Act to provide protection against catastrophic medical expenses under the Medicare Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES IN ACT; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Medicare Catastrophic Protection Act of 1987”.

(b) **AMENDMENTS TO THE SOCIAL SECURITY ACT.**—Except as otherwise specifically provided, whenever in this Act an amendment is expressed in terms of an amendment to or repeal of, a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

(c) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

Sec. 1. Short title; references in Act; table of contents.

TITLE I—PROVISIONS RELATING TO PART A OF MEDICARE PROGRAM

Sec. 101. Inpatient hospital services.

Sec. 102. Extended care services.

Sec. 103. Hospice care.

Sec. 104. Blood deductible.

Sec. 105. Home health benefits.

Sec. 106. Imposition of supplemental medicare premium.

~~TITLE II—PROVISIONS RELATING TO PART B OF THE MEDICARE PROGRAM.~~

~~Sec. 201. Limitation on medicare out-of-pocket expenses under part B.~~

~~Sec. 202. Extending home health services.~~

- Sec. 203. Increase in maximum payment allowed for outpatient mental health services.
- Sec. 204. Mailing of notice of medicare benefits and participating physician directories.
- Sec. 205. Providing additional medical assistance for poor medicare beneficiaries.
- Sec. 206. Adjustment in medicare part B premium.
- Sec. 207. Changes in certification of medicare supplemental health insurance policies.
- Sec. 208. Extension of social HMO demonstration project.
- Sec. 209. Study on comprehensive medical coverage under the medicare program.
- Sec. 210. Research on long-term care for medicare beneficiaries.

TITLE II—PROVISIONS RELATING TO PART B OF THE MEDICARE PROGRAM AND TO THE MEDICAID PROGRAM

- Sec. 201. Limitation on medicare out-of-pocket expenses under part B.
- Sec. 202. Coverage of catastrophic expenses for prescription drugs and insulin.
- Sec. 203. In-home care for certain chronically dependent individuals.
- Sec. 204. Extending home health services.
- Sec. 205. Increase in maximum payment allowed for outpatient mental health services.
- Sec. 206. Coverage of influenza vaccine and its administration.
- Sec. 207. Mailing of notice of medicare benefits and participating physician directories.
- Sec. 208. Requiring medicaid buy-in of premiums and cost-sharing for poor medicare beneficiaries.
- Sec. 209. Adjustment in medicare part b premium.
- Sec. 210. Changes in certification of medicare supplemental health insurance policies.
- Sec. 211. Extension of social HMO demonstration project.
- Sec. 212. Study on comprehensive medical coverage under the medicare program.
- Sec. 213. Research on long-term care services for medicare beneficiaries.
- Sec. 214. Protection of income and resources of couple for maintenance of community spouse.
- Sec. 215. Study of adult day care services.

TITLE III—UNITED STATES BIPARTISAN COMMISSION ON COMPREHENSIVE HEALTH CARE

- Sec. 301. Establishment.
- Sec. 302. Duties.
- Sec. 303. Membership.
- Sec. 304. Staff and consultants.
- Sec. 305. Powers.
- Sec. 306. Report.
- Sec. 307. Termination.
- Sec. 308. Authorization of appropriations.

C145 Library
C2-07-13
2500 Security Blvd.
Baltimore, Maryland 21244

1 **TITLE I—PROVISIONS RELATING**
2 **TO PART A OF MEDICARE PRO-**
3 **GRAM**

4 **SEC. 101. INPATIENT HOSPITAL SERVICES.**

5 (a) APPLICATION OF INPATIENT HOSPITAL DEDUCTI-
6 BLE ON A CALENDAR YEAR BASIS AND LIMITATION TO
7 ONE DEDUCTIBLE EACH YEAR.—The first sentence of sec-
8 tion 1813(a)(1) (42 U.S.C. 1395e(a)(1)) is amended—

9 (1) by striking “any spell of illness” and inserting
10 “the first period of continuous hospitalization (as de-
11 fined in subsection (b)(3)) that begins in a calendar
12 year”, and

13 (2) by inserting “for that calendar year” after “in-
14 patient hospital deductible”.

15 (b) ELIMINATION OF GENERAL DAY LIMITATION ON
16 INPATIENT HOSPITAL SERVICES.—Section 1812 (42
17 U.S.C. 1395d) is amended—

18 (1) by amending paragraph (1) of subsection (a) to
19 read as follows:

20 “(1) inpatient hospital services;”;

21 (2) in subsection (b)—

22 (A) in the matter before paragraph (1), by
23 striking “during a spell of illness may not (subject
24 to subsection (c))” and inserting “may not”,

25 (B) by striking paragraph (1), and

1 (C) by redesignating paragraphs (2) and (3)

2 as paragraphs (1) and (2), respectively; and

3 (3) by amending subsection (c) to read as follows:

4 “(c)(1) If an individual is an inpatient of a psychiatric
5 hospital on the first day of medicare entitlement (as defined in
6 paragraph (4)(A)) payment may not be made under this part
7 during the period described in paragraph (2) for inpatient
8 mental health services (as defined in paragraph (4)(B)) in
9 excess of the number of days specified in paragraph (3).

10 “(2) The period described in this paragraph—

11 “(A) begins on the first day of medicare entitle-
12 ment, and

13 “(B) ends at the end of the first period of 60 con-
14 secutive days thereafter on each of which the individ-
15 ual is not receiving inpatient mental health services.

16 “(3) The number of days specified in this paragraph for
17 an individual is 150 days less the number of days (during the
18 150-day period immediately before the first day of medicare
19 entitlement) during which the individual was an inpatient of a
20 psychiatric hospital.

21 “(4) In this subsection:

22 “(A) The term ‘first day of medicare entitlement’
23 means, for an individual, the first day of the first
24 month for which the individual is entitled to benefits
25 under this part.

1 “(B) The term ‘inpatient mental health services’
2 means—

3 “(i) inpatient psychiatric hospital services,
4 and

5 “(ii) inpatient hospital services for an individ-
6 ual who is an inpatient primarily for the diagnosis
7 or treatment of mental illness.”.

8 (c) ELIMINATION OF COINSURANCE AMOUNTS FOR IN-
9 PATIENT HOSPITAL SERVICES.—(1) Section 1813(a)(1) (42
10 U.S.C. 1395e(a)(1)) is amended by striking the second
11 sentence.

12 (2) Section 1814(d)(3) (42 U.S.C. 1395f(d)(3)) is
13 amended—

14 (A) by striking “60 percent” and “80 percent”
15 and inserting “100 percent” both places, and

16 (B) by striking “two-thirds of”.

17 (d) INDEXING OF INPATIENT HOSPITAL DEDUCTI-
18 BLE.—Subsection (b) of section 1813 (42 U.S.C. 1395e) is
19 amended to read as follows:

20 “(b)(1) The inpatient hospital deductible for 1987 shall
21 be \$520. The inpatient hospital deductible for any succeeding
22 year shall be an amount equal to the inpatient hospital de-
23 ductible for the preceding year increased by the applicable
24 increase percentage determined under section 215(i) in the
25 previous year. Any amount determined under the preceding

1 sentence which is not a multiple of \$1 shall be rounded to the
2 nearest multiple of \$1 (or, if it is a multiple of 50 cents but
3 not a multiple of \$1, to the next higher multiple of \$1).

4 “(2) Not later than November 15 of each year (begin-
5 ning with 1987), the Secretary shall promulgate the inpatient
6 hospital deductible under this subsection for the succeeding
7 year.

8 “(3) In this section, the term ‘period of continuous hos-
9 pitalization’ means, with respect to an individual, the period
10 beginning on the first day the individual is furnished inpatient
11 hospital services and ends on the individual’s date of dis-
12 charge (as established by the Secretary for purposes of sec-
13 tion 1886) from the hospital (or, in the case of a transfer,
14 hospitals) involved.”.

15 (e) DETERMINATION OF PART A PREMIUM.—Subsec-
16 tion (d) of section 1818 (42 U.S.C. 1395i-2) is amended to
17 read as follows:

18 “(d)(1) The Secretary shall, during September of each
19 year (beginning with 1987), estimate the monthly actuarial
20 rate for months in the succeeding year. Such actuarial rate
21 shall be one-twelfth of the amount which the Secretary esti-
22 mates (on an average, per capita basis) is equal to 100 per-
23 cent of the benefits and administrative costs which will be
24 payable from the Federal Hospital Insurance Trust Fund for
25 services performed and related administrative costs incurred

1 in the succeeding year with respect to individuals age 65 and
2 over who will be entitled to benefits under this part during
3 that entire year.

4 “(2) The Secretary shall, during September of each year
5 determine and promulgate the dollar amount which shall be
6 applicable for premiums for months occurring in the following
7 year. Such amount shall be equal to the monthly actuarial
8 rate determined under paragraph (1) for that following year.
9 Any amount determined under the preceding sentence which
10 is not a multiple of \$1 shall be rounded to the nearest multi-
11 ple of \$1 (or, if it is a multiple of 50 cents but not a multiple
12 of \$1, to the next higher multiple of \$1).

13 “(3) Whenever the Secretary promulgates the dollar
14 amount which shall be applicable as the monthly premium
15 under this section, he shall, at the time such promulgation is
16 announced, issue a public statement setting forth the actuar-
17 ial assumptions and bases employed by him in arriving at the
18 amount of an adequate actuarial rate for individuals 65 and
19 older as provided in paragraph (1).”.

20 (f) CONFORMING AMENDMENTS.—

21 (1) DROPPING “SPELL-OF-ILLNESS” CONCEPT.—

22 Section 1861 (42 U.S.C. 1395x) is amended—

23 (A) by striking subsection (a);

24 (B) in subsection (e)—

25 (i) by striking the second sentence, and

1 (ii) in the fifth sentence, by striking “,
 2 except for purposes of subsection (a)(2),”;
 3 (C) in subsection (j)—

4 (i) in the first sentence, by striking
 5 “(other than for purposes of subsection
 6 (a)(2))”, and

7 (ii) by striking the second sentence; and
 8 (D) in subsection (y)—

9 (i) in paragraph (1), by striking “(except
 10 for purposes of subsection (a)(2))”, and

11 (ii) in paragraphs (2) and (3), by striking
 12 “spell of illness” and “spell” each place
 13 either appears and inserting “year”.

14 (2) MISCELLANEOUS.—(A) Section 1812 (42
 15 U.S.C. 1395e) is amended by striking subsection (g).

16 (B) Section 1832(b) (42 U.S.C. 1395k(b)) is
 17 amended by striking “ ‘spell of illness’,” and the
 18 comma before “and”.

19 (g) EFFECTIVE DATE AND TRANSITION.—

20 (1) DEDUCTIBLE.—(A) The amendments made by
 21 subsections (a) and (d) shall apply to the deductible for
 22 1988 and succeeding years.

23 (B) HOLD HARMLESS AGAINST TRANSITION FOR
 24 CALENDAR YEAR DEDUCTIBLE.—In the case of an in-
 25 dividual for whom a spell of illness (as defined in sec-

1 tion 1861(a) of the Social Security Act, as in effect on
2 December 31, 1987) began before January 1, 1988,
3 and had not yet ended as of such date, the amendment
4 made by subsection (a) shall not apply to services fur-
5 nished during that spell of illness during 1988 or 1989.

6 (2) EXTENSION OF BENEFITS AND COINSUR-
7 ANCE.—The amendments made by subsections (b) and
8 (c) shall apply to inpatient hospital services furnished
9 on or after January 1, 1988.

10 (3) PREMIUM.—The amendments made by sub-
11 section (e) shall apply to premiums for months begin-
12 ning with January 1988.

13 (4) MISCELLANEOUS.—The amendments made by
14 subsection (f) shall take effect on January 1, 1988.

15 (5) ADJUSTMENT IN PAYMENTS FOR INPATIENT
16 HOSPITAL SERVICES.—In adjusting—

17 (A) DRG prospective payment rates under
18 section 1886(d) of the Social Security Act,

19 (B) target amounts under section 1886(b)(3)
20 of such Act,

21 (C) outlier cutoff points under section
22 1886(d)(5)(A) of such Act, and

23 (D) weighting factors under section
24 1886(d)(4) of such Act,

1 the Secretary shall, to the extent appropriate, take into
2 consideration the reductions in payments to hospitals
3 by medicare beneficiaries resulting from the amend-
4 ments made by subsection (b) of this section (eliminat-
5 ing a day limitation on inpatient hospital services).

6 **SEC. 102. EXTENDED CARE SERVICES.**

7 (a) **COINSURANCE RATE OF 20 PERCENT OF NATION-**
8 **AL AVERAGE PER DIEM COST FOR SERVICES FURNISHED**
9 **DURING FIRST 7 DAYS OF EACH CALENDAR YEAR.—**
10 Paragraph (3) of section 1813(a) (42 U.S.C. 1395e(a)) is
11 amended to read as follows:

12 “(3)(A) The amount payable for post-hospital extended
13 care services furnished an individual in any calendar year
14 shall be reduced by the coinsurance amount (promulgated
15 under subparagraph (C) for that year) for each day (before the
16 8th day) on which he is furnished such services during the
17 year.

18 “(B) Before September 1 of each year (beginning with
19 1987), the Secretary shall estimate the national average per
20 diem reasonable cost recognized under this title for post-hos-
21 pital extended care services which will be furnished in the
22 succeeding calendar year.

23 “(C) The Secretary shall, in September of each year
24 (beginning with 1987) promulgate the coinsurance amount
25 which shall apply to post-hospital extended care services fur-

1 nished in the succeeding year. Such amount shall be equal to
 2 20 percent of the national average per diem cost estimated
 3 under subparagraph (B) in that year. If the coinsurance
 4 amount determined under the preceding sentence is not a
 5 multiple of 50 cents, it shall be rounded to the nearest multi-
 6 ple of 50 cents (or, if it is a multiple of 25 cents but not a
 7 multiple of 50 cents, to the next higher multiple of 50
 8 cents).”.

9 (b) EXTENDING TO 150 DAYS IN EACH CALENDAR
 10 YEAR.—Section 1812 (42 U.S.C. 1395d) is amended—

11 (1) in subsection (a)(2)(A), by striking “100 days
 12 during any spell of illness” and inserting “150 days
 13 during any calendar year”, and

14 (2) in subsection (b)(1), as redesignated by section
 15 2(a)(3), by striking “during such spell after such serv-
 16 ices have been furnished to him for 100 days during
 17 such spell” and inserting “during a calendar year after
 18 such services have been furnished to the individual for
 19 150 days during that year”.

20 (c) ELIMINATING HOSPITAL REQUIREMENT FOR COV-
 21 ERAGE OF EXTENDED CARE SERVICES.—

22 (1) IN GENERAL.—Section 1812 (42 U.S.C.
 23 1395d) is amended—

24 (A) in subsection (a)(2)—

1 (i) by striking “(2)(A)” and inserting
2 “(2)”,

3 (ii) by striking “post-hospital”, and

4 (iii) by striking “, and (B)” and all that
5 follows up to the semicolon; and

6 (B) by striking subsection (f).

7 (2) CONFORMING AMENDMENTS.—

8 (A) Title XVIII is amended by striking
9 “post-hospital” each place it appears in each of
10 the following provisions:

11 (i) Subsections (b)(1) (as redesignated by
12 section 2(b)(2)(C) of this Act) and (e) of sec-
13 tion 1812 (42 U.S.C. 1395d).

14 (ii) Subsection (a)(3) of section 1813 (42
15 U.S.C. 1395e).

16 (iii) Paragraphs (2)(B) and (6) of section
17 1814(a) (42 U.S.C. 1395f(a)).

18 (iv) Subsections (v)(1)(G), (v)(2), (v)(3),
19 and (y) of section 1861 (42 U.S.C. 1395x).

20 (v) Subsections (b)(3) and (d) of section
21 1866 (42 U.S.C. 1395cc).

22 (vi) Subsections (d) and (f) of section
23 1883 (42 U.S.C. 1395tt).

24 (B) Section 1811 (42 U.S.C. 1395c) is
25 amended by striking “hospital, related post-hospi-

1 tal” and inserting “inpatient hospital services, ex-
2 tended care services”.

3 (C) Section 1814(a)(2)(B) (42 U.S.C.
4 1395f(a)(2)(B)) is amended by striking “, for any
5 of the conditions” and all that follows up to the
6 semicolon.

7 (D) Section 1861 (42 U.S.C. 1395x) is
8 amended—

9 (i) in subsection (e), as amended by sec-
10 tion 2(f)(1)(B) of this Act,—

11 (I) in the matter before paragraph
12 (1), by striking “paragraph (7) of this
13 subsection, and subsection (i) of this
14 section” and inserting “and paragraph
15 (7) of this subsection”, and

16 (II) in the second sentence, by
17 striking “section 1814(f)(2), and subsec-
18 tion (i) of this section” and inserting
19 “and section 1814(f)(2)”;

20 (ii) by striking subsection (i), and

21 (iii) by striking paragraph (4) of subsec-
22 tion (y).

23 (d) CONFORMING AMENDMENT.—Section 1861(y)(3)
24 (42 U.S.C. 1395x(y)(3)) is amended by striking “equal to”
25 and all that follows through “31st day” and inserting “equal

1 to the coinsurance amount established under section
2 1813(a)(3)(C) for each day before the 8th day”.

3 (e) EFFECTIVE DATES.—

4 (1) The amendments made by subsections (a), (b),
5 and (d) shall apply to extended care services furnished
6 on or after January 1, 1988.

7 (2) The amendments made by subsection (c) shall
8 apply to extended care services furnished pursuant to
9 an admission to a skilled nursing facility occurring on
10 or after January 1, 1989.

11 SEC. 103. HOSPICE CARE.

12 (a) EXTENSION OF COVERAGE PERIOD.—Section 1812
13 (42 U.S.C. 1395d) is amended—

14 (1) in subsection (a)(4), by striking “and one sub-
15 sequent period of 30 days” and inserting “, a subse-
16 quent period of 30 days, and a subsequent extension
17 period”;

18 (2) in subsection (d)(1), by striking “and one sub-
19 sequent period of 30 days” and inserting “, a subse-
20 quent period of 30 days, and a subsequent extension
21 period”; and

22 (3) in subsection (d)(2)(B), by inserting “or a sub-
23 sequent extension period” after “30-day period”.

1 (b) CONTINUED CERTIFICATION OF TERMINAL ILL-
2 NESS FOR EXTENDED BENEFITS.—Section 1814(a)(7)(A)
3 (42 U.S.C. 1395f(a)(7)(A)) is amended—

4 (1) by striking “and” at the end of clause (i),

5 (2) by striking the semicolon at the end of clause
6 (ii) and inserting “, and”, and

7 (3) by adding at the end the following new clause:

8 “(iii) in a subsequent extension period, the
9 medical director or physician described in clause
10 (i)(II) recertifies at the beginning of the period
11 that the individual is terminally ill;”.

12 (c) EFFECTIVE DATE.—The amendments made by this
13 section shall apply to hospice care furnished on or after Janu-
14 ary 1, 1988.

15 SEC. 104. BLOOD DEDUCTIBLE.

16 (a) IN GENERAL.—Paragraph (2) of section 1813(a) (42
17 U.S.C. 1395e(a)) is amended to read as follows:

18 “(2)(A) The amount payable to any provider of services
19 under this part for services furnished an individual shall be
20 further reduced by a deduction equal to the expenses incurred
21 for the first three pints of whole blood (or equivalent quanti-
22 ties of packed red blood cells, as defined under regulations)
23 furnished to the individual during each calendar year, except
24 that such deductible for such blood shall in accordance with
25 regulations be appropriately reduced to the extent that there

1 has been a replacement of such blood (or equivalent quanti-
2 ties of packed red blood cells, as so defined); and for such
3 purposes blood (or equivalent quantities of packed red blood
4 cells, as so defined) furnished such individual shall be deemed
5 replaced when the institution or other person furnishing such
6 blood (or such equivalent quantities of packed red blood cells,
7 as so defined) is given one pint of blood for each pint of blood
8 (or equivalent quantities of packed red blood cells, as so de-
9 fined) furnished such individual with respect to which a de-
10 duction is made under this sentence.

11 “(B) The deductible under subparagraph (A) for blood or
12 blood cells furnished an individual in a year shall be reduced
13 to the extent that a deductible has been imposed under sec-
14 tion 1833(b) to blood or blood cells furnished the individual in
15 the year.”.

16 (b) EFFECTIVE DATE.—(1) The amendment made by
17 subsection (a) shall apply to blood or blood cells furnished on
18 or after January 1, 1988.

19 (2) In the case of an individual for whom a spell of ill-
20 ness (as defined in section 1861(a) of the Social Security Act)
21 began before January 1, 1988, and had not yet ended as of
22 such date, the amount of any deductible under section
23 1813(a)(2) of such Act (as amended by subsection (a)) shall be
24 reduced during that spell of illness during 1988 or 1989 to
25 the extent the deductible under section 1813(a)(2) of such Act

1 (as in effect before January 1, 1988) was applied during the
2 spell of illness.

3 **SEC. 105. HOME HEALTH BENEFITS.**

4 (a) **COVERAGE UNDER PART A ONLY IF NO COVER-**
5 **AGE UNDER PART B.**—Section 1812 (42 U.S.C. 1395d), as
6 amended by sections 101(f)(2) and 102(c)(1)(B) of this Act, is
7 amended—

8 (1) in subsection (a)(3), by inserting “subject to
9 subsection (f),” after “(3)”, and

10 (2) by amending subsection (g) to read as follows:

11 “(f) Subsection (a)(3) shall only apply to home health
12 services provided to an individual during a month in which
13 the individual is not entitled to benefits under part B.”.

14 (b) **EFFECTIVE DATE.**—The amendments made by this
15 section shall apply to home health services furnished on or
16 after January 1, 1989.

17 **SEC. 106. IMPOSITION OF SUPPLEMENTAL MEDICARE**
18 **PREMIUM.**

19 (a) **GENERAL RULE.**—Subchapter A of chapter 1 of the
20 Internal Revenue Code of 1986 (relating to determination of
21 tax liability) is amended by adding at the end thereof the
22 following new part:

23 **“PART VIII—SUPPLEMENTAL MEDICARE PREMIUM**

“Sec. 59B. Imposition of supplemental medicare premium.

1 "SEC. 59B. IMPOSITION OF SUPPLEMENTAL MEDICARE PRE-
2 MIUM.

3 "(a) IMPOSITION OF PREMIUM.—In the case of a medi-
4 care-eligible individual, there is hereby imposed (in addition
5 to any other amount imposed by this subtitle) for each tax-
6 able year a premium equal to the annual premium for such
7 year determined under subsection (b).

8 "(b) DETERMINATION OF AMOUNT.—For purposes of
9 this section—

10 "(1) IN GENERAL.—Except as otherwise provided
11 in this subsection—

"If the adjusted gross income for the taxable year is:		The annual premium for the taxable year is:
Over:	But not over:	
\$ 0	\$ 6,000	\$ 0
6,000	6,143	10
6,143	6,287	20
6,287	6,430	30
6,430	6,573	40
6,573	6,716	50
6,716	6,860	60
6,860	7,003	70
7,003	7,146	80
7,146	7,289	90
7,289	7,433	100
7,433	7,576	110
7,576	7,719	120
7,719	7,862	130
7,862	8,006	140
8,006	8,149	150
8,149	8,292	160
8,292	8,436	170
8,436	8,579	180
8,579	8,722	190
8,722	8,865	200
8,865	9,009	210
9,009	9,152	220
9,152	9,295	230
9,295	9,438	240
9,438	9,582	250
9,582	9,725	260

“If the adjusted gross income for the taxable year is:		The annual premium for the taxable year is:
Over:	But not over:	
9,725	9,868	270
9,868	10,011	280
10,011	10,155	290
10,155	10,298	300
10,298	10,441	310
10,441	10,585	320
10,585	10,728	330
10,728	10,871	340
10,871	11,014	350
11,014	11,158	360
11,158	11,301	370
11,301	11,444	380
11,444	11,587	390
11,587	11,731	400
11,731	11,874	410
11,874	12,017	420
12,017	12,160	430
12,160	12,304	440
12,304	12,447	450
12,447	12,590	460
12,590	12,734	470
12,734	12,877	480
12,877	13,020	490
13,020	13,163	500
13,163	13,307	510
13,307	13,450	520
13,450	13,593	530
13,593	13,736	540
13,736	13,880	550
13,880	14,023	560
14,023	14,166	570
14,166	580.

1 “(2) SPECIAL RULE WHERE INDIVIDUAL NOT EL-
2 IGIBLE FOR ENTIRE TAXABLE YEAR; SHORT TAX-
3 ABLE YEARS.—If an individual is not a medicare-ELIGI-
4 ble individual for each month during his taxable year,
5 the annual premium determined under this subsection
6 shall be an amount which bears the same ratio to the
7 amount determined under paragraph (1) as—

1 “(A) the number of months during the tax-
2 able year for which such individual is a medicare-
3 eligible individual, bears to

4 “(B) 12.

5 A similar rule shall apply in the case of a taxable year
6 of less than 12 months; except that adjusted gross
7 income for the taxable year shall be annualized.

8 “(3) SPECIAL RULE FOR JOINT RETURNS.—In
9 the case of a joint return—

10 “(A) this section shall be applied separately
11 with respect to each spouse, and

12 “(B) the adjusted gross income of each
13 spouse shall be $\frac{1}{2}$ of their combined adjusted
14 gross income.

15 “(4) ADJUSTMENTS TO TABLE.—

16 “(A) IN GENERAL.—Not later than Decem-
17 ber 15 of 1988 and each subsequent calendar
18 year, the Secretary shall prescribe a table which
19 shall apply in lieu of the table contained in para-
20 graph (1) with respect to taxable years beginning
21 in the succeeding calendar year.

22 “(B) METHOD OF PRESCRIBING TABLE.—
23 The table which, under subparagraph (A), is to
24 apply in lieu of the table contained in paragraph

1 (1) with respect to taxable years beginning in any
2 calendar year shall be prescribed—

3 “(i) by increasing each dollar amount
4 setting forth the amount of the premium in
5 such table by the medicare inflation factor
6 for such calendar year, and

7 “(ii) by increasing each other dollar
8 amount in such table by the cost-of-living ad-
9 justment for such calendar year (as defined in
10 section 1(f)(3)).

11 “(C) MEDICARE INFLATION FACTOR.—For
12 purposes of subparagraph (B), the medicare infla-
13 tion factor for any calendar year is the percentage
14 (if any) by which—

15 “(i) the medicare value for such calen-
16 dar year, exceeds

17 “(ii) the medicare value for 1988.

18 “(D) ROUNDING.—If any increase deter-
19 mined under subparagraph (B) is not a multiple of
20 \$1, such increase shall be rounded to the nearest
21 multiple of \$1.

22 “(c) DEFINITIONS AND SPECIAL RULES.—

23 “(1) MEDICARE-ELIGIBLE INDIVIDUAL.—For pur-
24 poses of this section—

1 “(A) IN GENERAL.—Except as otherwise
2 provided in this paragraph, the term ‘medicare-eli-
3 gible individual’ means, with respect to any
4 month, any individual who is entitled to (or, on
5 application without the payment of an additional
6 premium, would be entitled to) benefits under part
7 A of title XVIII of the Social Security Act for
8 such month.

9 “(B) EXCEPTIONS.—The term ‘medicare-eli-
10 gible individual’ shall not include for any month—

11 “(i) any individual who is entitled to
12 benefits under part A of title XVIII of the
13 Social Security Act for such month solely by
14 reason of the payment of a premium under
15 section 1818 of such Act,

16 “(ii) any individual who is required to
17 pay a premium for such month increased or
18 computed under paragraph (4) or (5) of sec-
19 tion 1839(e) of the Social Security Act, or

20 “(iii) any qualified nonresident.

21 “(C) TREATMENT OF INDIVIDUALS WHO
22 HAVE ATTAINED AGE 65.—An individual (other
23 than a nonresident alien) who has attained age 65
24 shall be treated as a medicare-eligible individual
25 for the month in which he attains age 65 and any

1 subsequent month unless such individual estab-
2 lishes to the satisfaction of the Secretary that he
3 is not a medicare-eligible individual for the month
4 concerned.

5 “(2) MEDICARE VALUE.—

6 “(A) IN GENERAL.—For purposes of this
7 section, the term ‘medicare value’ means, for any
8 calendar year, the sum of the Medicare part A
9 value for January of such calendar year and the
10 Medicare part B value for January of such calen-
11 dar year.

12 “(B) MEDICARE PART A VALUE.—For pur-
13 poses of subparagraph (A), the term ‘Medicare
14 part A value’ means, with respect to any month,
15 an amount equal to 50 percent of the monthly ac-
16 tual rate promulgated under section 1818(d)(1)
17 of the Social Security Act for such month.

18 “(C) MEDICARE PART B VALUE.—For pur-
19 poses of subparagraph (A), the term ‘Medicare
20 part B value’ means, with respect to any month,
21 an amount equal to the excess of—

22 “(i) the amount equal to twice the
23 monthly actuarial rate established under sec-
24 tion 1839(a)(1) of the Social Security Act for

1 the calendar year which includes such
2 month, over

3 “(ii) the amount of the monthly premi-
4 um for such month established under section
5 1839 of such Act (without regard to subsec-
6 tions (b), (e)(4), (e)(5), and (f) thereof).

7 “(3) QUALIFIED NONRESIDENT.—

8 “(A) IN GENERAL.—For purposes of para-
9 graph (1), the term ‘qualified nonresident’ means,
10 with respect to any month during the taxable
11 year, any individual if—

12 “(i) such individual is not furnished
13 during such taxable year or any of the 4 pre-
14 ceding taxable years any service for which a
15 claim for payment is or will be made under
16 part A of title XVIII of the Social Security
17 Act,

18 “(ii) such individual is not entitled to
19 benefits under part B of title XVIII of the
20 Social Security Act at any time during such
21 taxable year or any of the 4 preceding tax-
22 able years, and

23 “(iii) such individual is present in a for-
24 eign country or countries for at least 330 full
25 days during—

1 “(I) the 12-month period ending at
2 the close of the taxable year, and

3 “(II) each of the 4 consecutive
4 preceding 12-month periods.

5 “(B) SPECIAL RULE FOR INDIVIDUALS WHO
6 DIE DURING THE TAXABLE YEAR.—An individ-
7 ual who dies during the taxable year shall be
8 treated as meeting the requirement of subpara-
9 graph (A)(iii)(I) if such individual is present in a
10 foreign country or countries for at least a number
11 of full days equal to 90 percent of the days during
12 such taxable year before the date of death.

13 “(4) COORDINATION WITH OTHER PROVI-
14 SIONS.—

15 “(A) NOT TREATED AS MEDICAL EX-
16 PENSE.—The premium imposed by this section
17 shall not be treated as an expense paid for medi-
18 cal care for purposes of section 213.

19 “(B) NOT TREATED AS TAX FOR CERTAIN
20 PURPOSES.—The premium imposed by this sec-
21 tion shall not be treated as a tax imposed by this
22 chapter for purposes of determining—

23 “(i) the amount of any credit allowable
24 under this chapter, or

1 “(ii) the amount of the minimum tax im-
2 posed by section 55.

3 “(C) TREATED AS TAX FOR SUBTITLE F.—

4 For purposes of subtitle F, the premium imposed
5 by this section shall be treated as if it were a tax
6 imposed by section 1.

7 “(D) SECTION 15 NOT TO APPLY.—Section
8 15 shall not apply to the premium imposed by this
9 section.”

10 (b) REPORTING REQUIREMENT.—Subpart B of part III
11 of subchapter A of chapter 61 of such Code is amended by
12 adding at the end thereof the following new section:

13 “SEC. 6050O. RETURNS RELATING TO INDIVIDUALS ENTITLED
14 TO RECEIVE BENEFITS UNDER MEDICARE
15 PART A.

16 “The Secretary of Health and Human Services shall
17 make a return (at such times and in such form as the Secre-
18 tary may prescribe) setting forth the name, address, and TIN
19 of each individual who is entitled to receive benefits (other
20 than by reason of the payment of a premium referred to in
21 clause (i) or (ii) of section 59B(c)(1)(B)) under part A of title
22 XVIII of the Social Security Act for any month during the
23 calendar year and the number of months in the calendar year
24 for which the individual is so entitled.”

25 (c) CLERICAL AMENDMENTS.—

1 (1) The table of parts for subchapter A of chapter
2 1 of such Code is amended by adding at the end there-
3 of the following new item:

 “Part VIII. Supplemental medicare premium.”

4 (2) The table of sections for subpart B of part III
5 of subchapter A of chapter 61 of such Code is amended
6 by adding at the end thereof the following new item:

 “Sec. 60500. Returns relating to individuals entitled to receive bene-
 fits under Medicare part A.”

7 (d) EFFECTIVE DATE.—The amendments made by this
8 section shall apply to taxable years beginning after
9 December 31, 1987.

10 **~~TITLE II—PROVISIONS RELATING~~**
11 **~~TO PART B OF THE MEDICARE~~**
12 **~~PROGRAM~~**

13 **~~SEC. 201. LIMITATION ON MEDICARE OUT-OF-POCKET EX-~~**
14 **~~PENSES UNDER PART B.~~**

15 (a) ~~IN GENERAL.~~—Section ~~1833~~ (42 U.S.C. ~~1395l~~) is
16 amended—

17 (1) by inserting after subsection (e) the following
18 new subsection:

19 “(f)(1) Notwithstanding subsections (a) and (b), if an in-
20 dividual has incurred out-of-pocket part B expenses (as de-
21 fined in paragraph (2)) in a calendar year (beginning with
22 1989) in an amount equal to the part B catastrophic limit
23 (established under paragraph (3)) for the year, payment under

1 this part with respect to any additional incurred expenses in
2 the calendar year shall be made as if—

3 “(A) the deduction described in the second sen-
4 tence of subsection (b) (relating to blood) no longer ap-
5 plied; and

6 “(B) ‘100 percent’ and ‘0 percent’ were substitut-
7 ed for ‘80 percent’ and ‘20 percent’, respectively, each
8 place either appears in subsection (a), in section
9 1833(i)(2), in section 1835(b)(2), and in subsections
10 (b)(2) and (b)(3) of section 1881.

11 “(2) In this subsection, the term ‘out-of-pocket part B
12 expenses’ means—

13 “(A) the deductions established under subsection
14 (b); and

15 “(B) the difference between the payment amount
16 provided under this part and the payment amount that
17 would be provided if ‘100 percent’ and ‘0 percent’
18 were substituted for ‘80 percent’ and ‘20 percent’, re-
19 spectively; each place either appears in subsection (a),
20 in section 1833(i)(2), in section 1835(b)(2), and in sub-
21 sections (b)(2) and (b)(3) of section 1881.

22 “(3)(A) The part B catastrophic limit for 1989 is
23 \$1,043. The part B catastrophic limit for any succeeding
24 year shall be an amount equal to the part B catastrophic limit
25 for the preceding year increased by the applicable increase

1 percentage determined under section 215(i) in the previous
 2 year. Any amount determined under the preceding sentence
 3 which is not a multiple of \$1 shall be rounded to the nearest
 4 multiple of \$1 (or, if it is a multiple of 50 cents but not a
 5 multiple of \$1, to the next higher multiple of \$1).

6 “(B) Not later than November 15 of each year (begin-
 7 ning with 1988), the Secretary shall promulgate the part B
 8 catastrophic limit under this paragraph for the succeeding
 9 year.

10 “(4) In applying paragraph (1) in the case of an organi-
 11 zation receiving payment under clause (A) of subsection (a)(1)
 12 or under a reasonable cost reimbursement contract under sec-
 13 tion 1876—

14 “(A) the Secretary shall provide for an appropri-
 15 ate adjustment in the payment amounts otherwise
 16 made to reflect, in the aggregate, the aggregate in-
 17 crease in payments that would otherwise be made with
 18 respect to enrollees in the organization if payments
 19 were made other than under such clause or such a con-
 20 tract or with respect to individuals furnished services
 21 through the facility if payments were to be made on an
 22 individual-by-individual basis, and

23 “(B) the organization or facility shall provide as-
 24 surances satisfactory to the Secretary that the organi-
 25 zation or facility will not undertake to charge an indi-

vidual during a year for services for which payment may be made under this part after the individual has incurred (whether through the organization, facility or otherwise) out-of-pocket part B expenses in the year in an amount equal to the part B catastrophic limit established under paragraph (3) for the year.”; and

(2) in subsections (e) and (g), by striking “(a) and (b)” each place it appears and inserting “(a), (b), and (f)”.

(b) **LIMITATION ON CHARGES WHEN CATASTROPHIC LIMIT REACHED.**—Section 1866(a)(2)(A) (42 U.S.C. 1395cc(a)(2)(A)) is amended by adding at the end the following new sentence: “A provider of services may not impose a charge under the first sentence of this subparagraph for services for which payment is made to the provider pursuant to section 1833(f) (relating to catastrophic benefits).”.

SEC. 202. EXTENDING HOME HEALTH SERVICES.

(a) **COVERAGE.**—Section 1861(m) (42 U.S.C. 1395x(m)) is amended by adding at the end the following new sentence: “For purposes of paragraphs (1) and (4) and sections 1814(a)(2)(C) and 1835(a)(2)(A), nursing care and home health aide services shall be considered to be provided or needed on an ‘intermittent’ basis if they are provided or needed less than 7 days each week and, in the case they are provided or needed for 7 days each week, if they are provided

1 or needed for an initial period of up to 35 consecutive days,
 2 and for a subsequent period based on a physician certification
 3 of exceptional circumstances requiring such services on such
 4 a basis.”.

5 (b) **EFFECTIVE DATE.**—The amendment made by sub-
 6 section (a) shall apply to services furnished on or after Janu-
 7 ary 1, 1989.

8 **SEC. 203. INCREASE IN MAXIMUM PAYMENT ALLOWED FOR**
 9 **OUTPATIENT MENTAL HEALTH SERVICES.**

10 (a) **IN GENERAL.**—Section 1833(e)(1) (42 U.S.C.
 11 1395l(e)(1)) is amended by striking “\$312.50” and inserting
 12 “\$1,250”.

13 (b) **CONFORMING AMENDMENTS.**—(1) The second sen-
 14 tence of section 1866(a)(2)(A) (42 U.S.C. 1395cc(a)(2)(A)) is
 15 amended by striking “1839(e)” and inserting “1839(e)(1)”.

16 (2) Section 1833(f), as inserted by section 201 of this
 17 Act, is amended by adding at the end the following new para-
 18 graph:

19 “(5) In applying paragraphs (1) and (2), the dollar
 20 amount specified in subsection (e)(1) shall be deemed to be
 21 \$312.50.”.

22 (c) **EFFECTIVE DATE.**—The amendments made by this
 23 section shall apply to expenses incurred for services furnished
 24 on or after January 1, 1989.

1 SEC. 204. MAILING OF NOTICE OF MEDICARE BENEFITS AND
2 PARTICIPATING PHYSICIAN DIRECTORIES.

3 (a) DISTRIBUTION OF NOTICE OF MEDICARE BENE-
4 FITS.—Title XVIII is amended by inserting after section
5 1803 the following new section:

6 “NOTICE OF MEDICARE BENEFITS

7 “SEC. 1804. (a) The Secretary shall distribute annually
8 a notice containing—

9 “(1) a clear, simple explanation of the benefits
10 available under this title and health care services for
11 which benefits are not available under this title, and

12 “(2) a description of the limited benefits for long-
13 term care services available under this title and gener-
14 ally available under State plans approved under title
15 XIX.

16 Such notice shall be mailed annually to individuals entitled to
17 benefits under part A or part B of this title.

18 “(b) There are authorized to be appropriated in equal
19 proportions from the Federal Hospital Insurance Trust Fund
20 and from the Federal Supplementary Medical Insurance
21 Trust Fund such sums as may be required to provide for the
22 annual publication and distribution of the notice described in
23 subsection (a).”

24 (b) DISTRIBUTION OF PARTICIPATING PHYSICIAN DI-
25 RECTORIES.—The second sentence of section 1842(h)(6) (42
26 U.S.C. 1395u(h)(6)) is amended by inserting after “that

1 area" the following: "and to each individual enrolled under
2 this part and residing in that area".

3 (c) **EFFECTIVE DATES.**—

4 (1) The Secretary of Health and Human Services
5 shall first distribute the notice required by the amend-
6 ment made by subsection (a) not later than January
7 31, 1988, or, if later, 3 months after the date of the
8 enactment of this Act.

9 (2) The amendment made by subsection (b) shall
10 first apply to directories for 1988.

11 **SEC. 205. PROVIDING ADDITIONAL MEDICAL ASSISTANCE FOR**
12 **POOR MEDICARE BENEFICIARIES.**

13 (a) **THROUGH SSI PROGRAM.**—Title XVI (relating to
14 supplemental security income benefits) is amended by insert-
15 ing after section 1621 the following new section:

16 "MEDICAL ASSISTANCE FOR POOR AGED, BLIND, AND
17 **DISABLED INDIVIDUALS**

18 "SEC. 1622. For purposes of title XIX of this Act in
19 the case of a State (as such term is used for purposes of this
20 title XVI) and for purposes of any State program of medical
21 assistance operating under a waiver approved under section
22 1115(a), each individual—

23 "(1) who, but for income and resources, would be
24 an eligible individual and is not otherwise eligible for
25 medical assistance under that title or program;

1 “(2) who is entitled to hospital insurance benefits
2 under part A of title XVIII (including entitlement by
3 reason of an enrollment under section 1818),

4 “(3) whose income (as determined under this title)
5 does not exceed 100 percent of the weighted average
6 poverty threshold (as calculated by the Bureau of the
7 Census for the second previous calendar year) applica-
8 ble, as the case may be, to a family unit of one person
9 65 years and over or to a two person family unit with
10 a householder 65 years and over, and

11 “(4) whose resources (as determined under this
12 title) do not exceed the resource level described in sec-
13 tion 1905(p)(1)(D), or, at a State’s option, a resource
14 level established by the State under section
15 1905(p)(2)(B),

16 shall, without regard to section 1902(f), be eligible for medi-
17 cal assistance to the same extent and under the same condi-
18 tions as a qualified medicare beneficiary (described in section
19 1905(p)(1)) would be eligible for medical assistance under the
20 plan under clause (VIII) of section 1902(a)(10), section
21 1902(n), and section 1916(b), if the State had elected the
22 option described in section 1902(a)(10)(E). For purposes of
23 section 1903(a)(1), these individuals shall be considered to be
24 qualified medicare beneficiaries. Coverage of individuals
25 under this section shall not be considered, for purposes of

1 section 1902(m)(3), to be coverage of individuals under sec-
 2 tion 1902(a)(10)(E).”.

3 (b) ~~EXTENSION OF MEDICARE BUY-IN.~~—Section 1843
 4 (42 U.S.C. 1395v) is amended by inserting “or after 1987”
 5 in subsections (a), (g)(1), and (h)(1) after “during 1981”.

6 (c) ~~EFFECTIVE DATE.~~—The amendment made by sub-
 7 section (a) shall apply to medical assistance for—

8 (1) monthly premiums for months beginning with
 9 July 1988, and

10 (2) for items and services furnished on and after
 11 July 1, 1988.

12 **SEC. 206. ADJUSTMENT IN MEDICARE PART B PREMIUM.**

13 (a) ~~TRANSITIONAL ADJUSTMENTS IN 1990 AND~~
 14 ~~1991.~~—Section 1839(e) (42 U.S.C. 1395r(e)) is amended by
 15 adding at the end the following new paragraph:

16 “(3)(A) Notwithstanding the provisions of subsection (a),
 17 the monthly premium for each individual enrolled under this
 18 part for each month—

19 “(i) in 1990 shall be \$1.00 greater than the
 20 amount otherwise determined under subsection (a); and

21 “(ii) in 1991 shall be 40 cents greater than the
 22 amount otherwise determined under subsection (a).

23 Any increases in premium amounts taking effect under this
 24 paragraph for months in a year shall be taken into account

1 for purposes of determining increases in each subsequent year
2 under subsection (a)(3).

3 “(B) Subparagraph (A) does not apply to premiums de-
4 termined under paragraph (4) or (5).”

5 (b) PART B PREMIUM FOR RESIDENTS OF U.S. COM-
6 MONWEALTHS AND TERRITORIES.—Such section is further
7 amended by adding at the end the following new paragraph:

8 “(4)(A) Notwithstanding the provisions of subsection (a),
9 in the case of an individual who is a resident of a common-
10 wealth or territory during a month—

11 “(i) in 1988 or 1989, the monthly premium other-
12 wise determined for the individual under paragraph (1)
13 or subsection (a)(3), respectively, shall be increased by
14 the amount described in subparagraph (B) for that
15 month; or

16 “(ii) in a subsequent year, the monthly premium
17 which shall apply shall be the amount described in sub-
18 paragraph (C) for that month.

19 “(B) The amount described in this subparagraph for a
20 month in 1988 or 1989 for an individual residing in a particu-
21 lar commonwealth or territory is $\frac{1}{12}$ th of the product of—

22 “(i) the average, per capita additional benefits
23 (and related administrative costs), as determined by the
24 Secretary during September of the previous year, that
25 will be payable under this title during the year by

1 reason of the amendments made by the Medicare Cata-
 2 strophic Protection Act of 1987; and

3 “(ii) the ratio (determined by the Secretary for
 4 that commonwealth or territory during September
 5 1987) of—

6 “(I) the per capita actuarial value of the ben-
 7 efits under this title for residents of the common-
 8 wealth or territory who are entitled to benefits
 9 under both part A and this part, to

10 “(II) the per capita actuarial value of the
 11 benefits under this title for residents of the United
 12 States who are entitled to benefits under both
 13 part A and this part.

14 “(C) The amount described in this subparagraph for a
 15 month in—

16 “(i) 1990, is the sum of—

17 “(I) the monthly premium established under
 18 subsection (a)(3) for months in 1989; and

19 “(II) the amount described in subparagraph
 20 (B) for months in 1989,

21 increased by the premium percentage increase (as de-
 22 fined in subparagraph (E)(ii)) for 1990; or

23 “(ii) a succeeding year is the amount described in
 24 this subparagraph for months in the previous year in-

ereased by the premium increase percentage for that
succeeding year.

“(D) If any amount determined under the previous provisions of this subparagraph is not a multiple of 10 cents, the Secretary shall round the amount to the nearest multiple of 10 cents.

“(E) In this paragraph:

“(i) The term ‘commonwealth or territory’ means Puerto Rico, the Virgin Islands, Guam, American Samoa, or the Northern Mariana Islands.

“(ii) The term ‘percentage premium increase’, for a year, means the percentage determined under subsection (a)(3)(B) in the previous year.”.

(c) PART B PREMIUM FOR INDIVIDUALS ENROLLED UNDER PART B BUT NOT ENTITLED TO BENEFITS UNDER PART A.—Such section is further amended by adding at the end the following new paragraph:

“(5)(A) Notwithstanding the provisions of subsection (a), in the case of a part B only individual (as defined in subparagraph (E)) during a month—

“(i) in 1989, the monthly premium otherwise determined for the individual under subsection (a)(3) shall be increased by the amount described in subparagraph (B); or

1 “(ii) in a subsequent year, the monthly premium
2 which shall apply shall be the amount described in sub-
3 paragraph (C) for that month.

4 “(B) The amount described in this subparagraph is 1/
5 12th of the average, per capita additional benefits (and relat-
6 ed administrative costs) that the Secretary estimates (during
7 September of 1988) will be payable under this part during
8 1989 by reason of the amendments made by the Medicare
9 Catastrophic Protection Act of 1987.

10 “(C) The amount described in this subparagraph for a
11 month—

12 “(i) in 1990, is the sum of—

13 “(I) the monthly premium established under
14 subsection (a)(3) for months in 1989, and

15 “(II) the amount described in subparagraph
16 (B),

17 increased by the premium percentage increase (as de-
18 fined in paragraph (4)(E)(ii)) for 1990; or

19 “(ii) in a succeeding year is the amount described
20 in this subparagraph for months in the previous year
21 increased by the premium increase percentage (as so
22 defined) for that succeeding year.

23 “(D) If any amount determined under the previous pro-
24 visions of this paragraph is not a multiple of 10 cents, the

1 Secretary shall round the amount to the nearest multiple of
2 10 cents.

3 “(E) In this paragraph the term ‘part B only individual’
4 means, with respect to a premium for a month, an individual
5 who—

6 “(i) is not a resident of a commonwealth or terri-
7 tory (as defined in paragraph (4)(E)(i)) during the
8 month,

9 “(ii) is entitled to benefits under this part, and

10 “(iii) is not entitled to (or, on application without
11 payment of an additional premium, would not be enti-
12 tled to) benefits under part A.”.

13 (d) CONFORMING AMENDMENT.—Section 1839(b) (42
14 U.S.C. 1395r(b)) is amended by striking “determined under
15 subsection (a) or (c)” and inserting “otherwise determined
16 under this section (without regard to subsection (f))”.

17 (e) EFFECTIVE DATES.—

18 (1) The amendments made by subsection (a) shall
19 apply to monthly premiums for months beginning with
20 January 1990.

21 (2) The amendments made by subsection (b) shall
22 apply to monthly premiums for months beginning with
23 January 1988.

1 (3) The amendment made by subsections (c) and
2 (d) shall apply to monthly premiums for months begin-
3 ning with January 1989.

4 SEC. 207. CHANGES IN CERTIFICATION OF MEDICARE SUPPLE-
5 MENTAL HEALTH INSURANCE POLICIES.

6 (a) ESTABLISHMENT OF NEW MEDIGAP STAND-
7 ARDS.—

8 (1) RECOMMENDED CHANGES.—The Secretary of
9 Health and Human Services shall report to Congress,
10 not later than 150 days after the date of the enactment
11 of this Act, on changes that should be made in the re-
12 quirements of subsection (c) of section 1882 of the
13 Social Security Act for certification of medicare supple-
14 mental policies to take into account both the amend-
15 ments made by this Act, and by any other pertinent
16 Acts enacted by the first session of the 100th Con-
17 gress, and any recommendations developed by the Na-
18 tional Association of Insurance Commissioners.

19 (2) CONGRESSIONAL ACTION.—It is the sense of
20 Congress that—

21 (A) Congress will promptly act on such rec-
22 ommendations and provide for appropriate
23 changes in the requirements of subsection (c) of
24 that section, and

1 (B) States will be expected to adjust their
2 laws in a timely manner to comply with the
3 changes in such requirements.

4 (b) REQUIRED MAILING OF NOTICE.—

5 (1) IN GENERAL.—Section 1882(b) (42 U.S.C.
6 1395ss(b)) is amended by adding at the end the follow-
7 ing new paragraph:

8 “(3) Notwithstanding paragraph (1), in the case of a
9 medicare supplemental policy offered in a State and in effect
10 on January 1, 1988, the policy shall not be deemed to meet
11 the standards and requirements set forth in subsection (c),
12 unless each individual who is entitled to benefits under this
13 title and is a policyholder under such policy on January 1,
14 1988, is sent a letter by not later than January 31, 1988,
15 that explains—

16 “(A) the improved benefits under this title con-
17 tained in legislation enacted by the first session of the
18 100th Congress, and

19 “(B) how these improvements affect the benefits
20 contained in the policies and the premium for the
21 policy.”.

22 (2) EFFECTIVE DATE.—The amendment made by
23 paragraph (1) shall apply to medicare supplemental
24 policies as of February 1, 1988.

25 (c) REQUIRED SUBMISSION OF ADVERTISING.—

1 (1) IN GENERAL.—Section 1882(b) is further
 2 amended by adding after paragraph (3) the following
 3 new paragraph:

4 “(4) Notwithstanding paragraph (1), a medicare supple-
 5 mental policy offered in a State shall not be deemed to meet
 6 the standards and requirements set forth in subsection (c),
 7 with respect to a advertisement (whether through written,
 8 radio, or television medium) used (or, at a State’s option, to
 9 be used) for the policy in the State, unless the entity issuing
 10 the policy provides a copy of each advertisement to the Com-
 11 missioner of Insurance (or comparable officer identified by the
 12 Secretary) of that State for his or her review in accordance
 13 with State law.”.

14 (2) EFFECTIVE DATE.—The amendment made by
 15 paragraph (1) shall apply to medicare supplemental
 16 policies as of January 1, 1988, with respect to adver-
 17 tising used on or after such date.

18 (d) TRANSITION FOR CURRENT POLICIES.—Notwith-
 19 standing any other provision of law, during the period begin-
 20 ning on January 1, 1988, and ending on December 31, 1989,
 21 no penalty may be imposed under subparagraph (A) of section
 22 1882(d)(3) of the Social Security Act with respect to a medi-
 23 care supplemental policy which—

24 (1) is being offered as of (and has been offered
 25 before) the date of the enactment of this Act, and

(2) would not substantially duplicate health benefits to which an individual is otherwise entitled under title XVIII of such Act but for the amendments made by this Act.

SEC. 208. EXTENSION OF SOCIAL HMO DEMONSTRATION PROJECT.

(a) **THROUGH SEPTEMBER 30, 1992.**—The Secretary of Health and Human Services shall extend without interruption, through September 30, 1992, the approval of waivers granted under subsection (a) of section 2355 of the Deficit Reduction Act of 1984 for the demonstration project described in subsection (b) of that section, subject to the terms and conditions (other than duration of the project) established under that section (as amended by subsection (b)).

(b) **EXTENSION OF RISK.**—Section 2355(b)(5) of the Deficit Reduction Act of 1984 is amended by inserting “and in succeeding years” after “third year”.

(c) **INTERIM REPORT.**—Section 2355(d)(2) of the Deficit Reduction Act of 1984 is amended by striking “final” and inserting “interim”.

(d) **FINAL REPORT.**—The Secretary shall submit a final report to the Congress on the project referred to in subsection (a) not later than March 31, 1993.

1 SEC. 209. STUDY ON COMPREHENSIVE MEDICAL COVERAGE
2 UNDER THE MEDICARE PROGRAM.

3 (a) IN GENERAL.—The Comptroller General shall con-
4 duct a study to assess the need for, and cost of, including
5 each of the following services in the medicare program for
6 medicare beneficiaries:

7 (1) ANNUAL PREVENTIVE CARE VISITS.—Diag-
8 nostic procedures performed during an annual physician
9 examination, including (as medically appropriate by
10 sex) a routine Papanicolaou test for diagnosis of uter-
11 ine cancer, blood pressure test, blood test for cholester-
12 ol levels, colorectal exam, and a mammogram.

13 (2) ROUTINE EYE CARE.—An annual vision ex-
14 amination and the dispensing of prescription eye-
15 glasses.

16 (3) DENTAL CARE.—Dental services, including an
17 annual dental examination and cleaning, tooth extrac-
18 tions, simple restorations, services required for den-
19 tures, surgical preparation of edentulous ridges, peri-
20 odontal therapy, and endodontics.

21 (4) HEARING CARE.—Biannual hearing threshold
22 testing and hearing aids for those with a significant
23 hearing loss.

24 (5) LONG-TERM CARE SERVICES.—Comprehen-
25 sive long-term care services (including adult day care
26 services, intermediate care facility services, home- and

community-based services, outpatient drug therapy, and respite care) provided on a case-managed basis in the environment of least restriction, where approved and regularly recertified by a geriatric assessment team.

(6) **PRESCRIPTION DRUGS AND BIOLOGICALS.—**

Prescription drugs and biologicals.

(b) **COST DETERMINATION.—**The Comptroller General

shall make separate determinations of the costs of each of the services described in subsection (a) on the basis of fee-for-service reimbursement and on the basis of a comprehensive capitation payment arrangement. Such costs shall be determined for fiscal year 1988 and each of the succeeding 4 fiscal years.

(c) **REPORT.—**The Comptroller General shall report to the Congress on the results of the study under this section not later than 6 months after the date of the enactment of this Act.

**SEC. 210. RESEARCH ON LONG-TERM CARE SERVICES FOR
MEDICARE BENEFICIARIES.**

(a) **IN GENERAL.—**The Secretary of Health and Human Services, from the funds appropriated under subsection (b), shall provide for research on issues relating to the delivery and financing of long-term care services for medicare

1 beneficiaries. Such research shall include research into at
2 least the following areas:

3 (1) The financial characteristics of medicare bene-
4 ficiaries who receive or need long-term care services,
5 including whether such beneficiaries are eligible for
6 medicaid benefits for such services.

7 (2) How the financial and other characteristics of
8 medicare beneficiaries affect their utilization of institu-
9 tional and noninstitutional long-term care services.

10 (3) How relatives of medicare beneficiaries are af-
11 fected financially and in other ways because the benefi-
12 ciaries require or receive long-term care services.

13 (4) The quality of long-term care services (in com-
14 munity-based and custodial settings) and how the pro-
15 vision of long-term care services may reduce expendi-
16 tures for acute health care services.

17 (5) The effectiveness of, and need for, State and
18 Federal consumer protections which assure adequate
19 access to and protect the rights of medicare benefi-
20 ciaries who are provided long-term care services (other
21 than in a nursing facility).

22 (b) AUTHORIZATION OF APPROPRIATIONS.—There are
23 authorized to be appropriated, in equal parts from the Fed-
24 eral Hospital Insurance Trust Fund and from the Federal
25 Supplementary Medical Insurance Trust Fund, \$5,000,000

1 for each of fiscal years 1988, 1989, 1990, 1991, and 1992,
2 to carry out the research described in subsection (a).

3 (e) ~~LONG-TERM CARE SERVICES DEFINED.~~—In this
4 section, the term “long-term care services” includes nursing
5 home care, home care, community-based services, and custo-
6 dial care.

7 ***TITLE II—PROVISIONS RELATING***
8 ***TO PART B OF THE MEDICARE***
9 ***PROGRAM AND TO THE MEDIC-***
10 ***AID PROGRAM***

11 ***SEC. 201. LIMITATION ON MEDICARE OUT-OF-POCKET EXPENSES***
12 ***UNDER PART B.***

13 (a) *IN GENERAL.*—Section 1833 (42 U.S.C. 1395l) is
14 amended—

15 (1) by inserting after subsection (e) the following
16 new subsection:

17 “(f)(1) Notwithstanding subsections (a) and (b), if an
18 individual has incurred out-of-pocket part B expenses (as de-
19 fined in paragraph (2)) in a calendar year (beginning with
20 1989) in an amount equal to the part B catastrophic limit
21 (established under paragraph (3)) for the year, payment
22 under this part with respect to any additional incurred ex-
23 penses in the calendar year shall be made as if—

1 “(A) the deduction described in the second sen-
2 tence of subsection (b) (relating to blood) no longer ap-
3 plied, and

4 “(B) ‘100 percent’ and ‘0 percent’ were substitut-
5 ed for ‘80 percent’ and ‘20 percent’, respectively, each
6 place either appears in subsection (a), in section
7 1833(i)(2), in section 1835(b)(2), and in subsections
8 (b)(2) and (b)(3) of section 1881.

9 “(2) In this subsection, the term ‘out-of-pocket part B
10 expenses’ means—

11 “(A) the deductions established under subsection
12 (b), and

13 “(B) the difference between the payment amount
14 provided under this part and the payment amount that
15 would be provided if ‘100 percent’ and ‘0 percent’ were
16 substituted for ‘80 percent’ and ‘20 percent’, respective-
17 ly, each place either appears in subsection (a), in sec-
18 tion 1833(i)(2), in section 1835(b)(2), and in subsec-
19 tions (b)(2) and (b)(3) of section 1881.

20 Such term also includes reasonable expenses (as defined by
21 the Secretary) incurred for an annual colorectal examination
22 for cancer and reasonable expenses (as defined by the Secre-
23 tary) incurred for a mammogram, once every third year, for
24 detection of breast cancer.

1 “(3)(A) *The part B catastrophic limit for 1989 is*
2 *\$1,043. The part B catastrophic limit for any succeeding*
3 *year shall be an amount equal to the part B catastrophic*
4 *limit for the preceding year increased by the applicable in-*
5 *crease percentage determined under section 215(i) in the pre-*
6 *vious year. Any amount determined under the preceding sen-*
7 *tence which is not a multiple of \$1 shall be rounded to the*
8 *nearest multiple of \$1 (or, if it is a multiple of 50 cents but*
9 *not a multiple of \$1, to the next higher multiple of \$1).*

10 “(B) *Not later than November 15 of each year (begin-*
11 *ning with 1988), the Secretary shall promulgate the part B*
12 *catastrophic limit under this paragraph for the succeeding*
13 *year.*

14 “(4) *In applying paragraph (1) in the case of an orga-*
15 *nization receiving payment under clause (A) of subsection*
16 *(a)(1) or under a reasonable cost reimbursement contract*
17 *under section 1876—*

18 “(A) *the Secretary shall provide for an appropri-*
19 *ate adjustment in the payment amounts otherwise*
20 *made to reflect, in the aggregate, the aggregate increase*
21 *in payments that would otherwise be made with respect*
22 *to enrollees in the organization if payments were made*
23 *other than under such clause or such a contract or with*
24 *respect to individuals furnished services through the fa-*

1 *cility if payments were to be made on an individual-*
 2 *by-individual basis, and*

3 *“(B) the organization or facility shall provide as-*
 4 *surances satisfactory to the Secretary that the organi-*
 5 *zation or facility will not undertake to charge an indi-*
 6 *vidual during a year for services for which payment*
 7 *may be made under this part after the individual has*
 8 *incurred (whether through the organization, facility or*
 9 *otherwise) out-of-pocket part B expenses in the year in*
 10 *an amount equal to the part B catastrophic limit estab-*
 11 *lished under paragraph (3) for the year.”; and*

12 *(2) in subsections (c) and (g), by striking “(a)*
 13 *and (b)” each place it appears and inserting “(a), (b),*
 14 *and (f)”.*

15 *(b) LIMITATION ON CHARGES WHEN CATASTROPHIC*
 16 *LIMIT REACHED.—Section 1866(a)(2)(A) (42 U.S.C.*
 17 *1395cc(a)(2)(A)) is amended by adding at the end the follow-*
 18 *ing new sentence: “A provider of services may not impose a*
 19 *charge under the first sentence of this subparagraph for serv-*
 20 *ices for which payment is made to the provider pursuant to*
 21 *section 1833(f) (relating to catastrophic benefits).”.*

22 *(c) ENCOURAGING RESTRAINT ON BALANCE BILLING*
 23 *FOR BENEFICIARIES REACHING CATASTROPHIC LIMIT.—*
 24 *Section 1842(b)(3) (42 U.S.C. 1395u(b)(3)) is amended—*

(1) by striking “and” at the end of subparagraph (G),

(2) by inserting “and” at the end of subparagraph (H), and

(3) by inserting after subparagraph (H) the following new subparagraph:

“(I) if it makes determinations or payments with respect to items and services furnished by a physician for which payment is made pursuant to section 1833(f) but not on an assignment-related basis, provide to the physician a notice that—

“(i) states that the individual provided the service has reached the part B catastrophic limit on out-of-pocket expenses for the year, and

“(ii) encourages the physician not to charge the individual amounts in excess of the reasonable charge recognized under this section and to accept payment on an assignment-related basis for physicians’ services furnished the individual during the remainder of the year;”.

SEC. 202. COVERAGE OF CATASTROPHIC EXPENSES FOR PRESCRIPTION DRUGS AND INSULIN.

(a) *IN GENERAL.*—Section 1861 (42 U.S.C. 1395x) is amended—

1 (1) by amending subaragraph (J) of subsection
2 (s)(2) to read as follows:

3 “(J) covered outpatient drugs (as defined in sub-
4 section (t)(2)); and”; and

5 (2) in subsection (t)—

6 (A) by striking “subsection (m)(5)” and in-
7 serting “subsections (m)(5) and (s)(2)(J) and
8 paragraph (2)”,

9 (B) by inserting “(1)” after “(t)”, and

10 (C) by adding at the end the following new
11 paragraph:

12 “(2) The term ‘covered outpatient drug’ means—

13 “(A) a drug which—

14 “(i) is approved for safety and effectiveness
15 as a prescription drug under section 505 or 507
16 of the Federal Food, Drug, and Cosmetic Act, or

17 “(ii) in the case of a drug which is biological
18 product, is licensed under section 351 of the
19 Public Health Service Act, and

20 “(B) insulin certified under section 506 of the
21 Federal Food, Drug, and Cosmetic Act;

22 but does not include any drug or insulin provided to an inpa-
23 tient as part of inpatient hospital services (described in sub-
24 section (b)(2)), as part of extended care services (described in

1 subsection (h)(5)), or as an incident to physicians' services
 2 under subparagraph (A) or (B) of subsection (s)(2).”.

3 (b) DEDUCTIBLE AND PAYMENT AMOUNTS.—

4 (1) IN GENERAL.—Section 1833 (42 U.S.C.
 5 1395l(b)) is amended—

6 (A) in subsection (a)(1)—

7 (i) by striking “and” before “(H)”, and

8 (ii) by adding at the end the following:

9 “and (I) with respect to expenses incurred
 10 for covered outpatient drugs, the amounts
 11 paid shall be the amounts determined under
 12 subsection (m)(2),”;

13 (B) in subsection (b)—

14 (i) in clause (1), by inserting “or for
 15 covered outpatient drugs” after
 16 “1861(s)(10)(A)”, and

17 (ii) in clause (2), by inserting “or with
 18 respect to covered outpatient drugs” after
 19 “home health services”; and

20 (C) by adding at the end the following new
 21 subsection:

22 “(m)(1)(A) Before applying paragraph (2) with respect
 23 to expenses incurred by an individual for covered outpatient
 24 drugs dispensed in a calendar year, the individual must es-
 25 tablish that the individual has incurred expenses for such

1 *drugs dispensed in the year (during a period in which the*
2 *individual is entitled to benefits under this part) of the*
3 *amount specified in subparagraph (C) for that year.*

4 “(B) *If an individual applies to the Secretary to estab-*
5 *lish that the individual has met the requirement of subpara-*
6 *graph (A), the Secretary shall promptly notify the individual*
7 *(and, if the application was submitted by or through a par-*
8 *ticipating pharmacy, the pharmacy) as to whether or not the*
9 *individual has met such requirement.*

10 “(C) *The amount specified in this subparagraph for*
11 *1989 is \$500. For each subsequent year, subject to subpara-*
12 *graph (D), the amount specified in this subparagraph is the*
13 *amount specified in this subparagraph for the previous year*
14 *increased by percentage change in the medical care compo-*
15 *nent of the consumer price index for all urban consumers*
16 *(U.S. city average, as published by the Bureau of Labor*
17 *Statistics) during the 12-month period ending with August*
18 *in that previous year. Any amount determined under the pre-*
19 *ceding sentence which is not a multiple of \$1 shall be round-*
20 *ed to the next highest multiple of \$1. In September of each*
21 *year (beginning with 1989) the Secretary shall publish the*
22 *deductible established under this subparagraph for the follow-*
23 *ing year.*

24 “(D) *If the monthly actuarial rate determined under*
25 *section 1839(g)(1) for a year (after 1990) exceeds 120 per-*

1 cent of the monthly premium increase provided under section
2 1839(g)(2) for months in the preceding year, the Secretary
3 shall increase the amount otherwise specified under subpara-
4 graph (C) for that year (and only for that year) by such an
5 amount as will assure that—

6 “(i) the aggregate amount of the monthly premi-
7 um increase provided under section 1839(g) for the
8 year for all enrollees,
9 is equal to—

10 “(ii) the total of the benefits and administrative
11 costs which the Secretary estimates will be payable
12 from the Federal Supplementary Medical Insurance
13 Trust Fund for covered outpatient drugs dispensed and
14 related administrative costs incurred in such year for
15 all such enrollees.

16 “(2) Subject to the deductible established under para-
17 graph (1)(A), the amount payable under this part with re-
18 spect to a covered outpatient drug is equal to the actual
19 charge for the drug, or, if lower, the applicable payment limit
20 described in paragraph (3).

21 “(3)(A) In the case of a covered outpatient drug that
22 either is not a multiple source drug (as defined in paragraph
23 (6)(A)) or is a multiple source drug and has a restrictive
24 prescription (as defined in paragraph (6)(B)), the payment
25 limit for the drug under this paragraph is the sum of—

1 “(i) the product of (I) the number of tablets (or
2 other dosage units) dispensed and (II) the average per
3 tablet or unit wholesale price for the drug (as deter-
4 mined under paragraph (4)), and

5 “(ii) an administrative allowance of \$4.50.

6 “(B) In the case of a covered outpatient drug that is a
7 multiple source drug but does not have a restrictive prescrip-
8 tion, the payment limit for the drug under this paragraph is
9 the sum of—

10 “(i) the product of (I) the number of tablets (or
11 other dosage units) dispensed and (II) the amount
12 specified under subparagraph (C), and

13 “(ii) an administrative allowance of \$4.50.

14 “(C) The amount specified under this subparagraph
15 with respect to a multiple source drug dispensed in a year is
16 50 percent of the highest of the average per tablet or unit
17 wholesale price for any drug product described in paragraph
18 (5)(A) with respect to that drug, as in effect as of January 1,
19 1987, increased, for each year after 1987 and up to the year
20 involved, by the percentage increase in the consumer price
21 index for all urban consumers (all items, U.S. city average,
22 as published by the Bureau of Labor Statistics) for the 12-
23 month period ending in August of the previous year.

24 “(D) The Secretary, before each payment calculation
25 period (as defined in paragraph (5)(C)), shall provide for the

1 distribution to participating pharmacies (as defined in sec-
2 tion 1842(i)) and to groups representing or assisting individ-
3 uals entitled to benefits under this part, of information on the
4 payment limits established under this paragraph.

5 “(4)(A) For purposes of this subsection, the Secretary
6 shall determine, with respect to dispensing of each covered
7 outpatient drug in each payment calculation period, the aver-
8 age per tablet or unit wholesale price for the drug. Such aver-
9 age shall be based on the average wholesale price (or when
10 available, the manufacturer’s direct price) for purchases in
11 reasonable quantities. Such determination shall be made for
12 each payment calculation period based on wholesale or direct
13 prices for the first day of the third month before the beginning
14 of the period. The Secretary shall make such determination,
15 and calculate the payment limits under paragraph (3), on a
16 national basis; except that the Secretary may make such de-
17 termination, and calculate such payment limits, on a region-
18 al basis to take account of limitations on the availability of
19 drug products and variations among regions in the average
20 wholesale or direct price for a drug product.

21 “(B) In order to prevent abusive practices in the pre-
22 scribing or dispensing of covered outpatient drugs, the Secre-
23 tary may provide that payment for covered outpatient drugs
24 may not be made in they are prescribed or dispensed with
25 excessive frequency or in excessive quantities.

1 “(5) *In this subsection:*

2 “(A) *The term ‘multiple source drug’ means, with*
3 *respect to a payment calculation period, a covered out-*
4 *patient drug for which there are 2 or more drug prod-*
5 *ucts which—*

6 “(i) *are considered to be therapeutically*
7 *equivalent (under the Food and Drug Administra-*
8 *tion’s most recent publication of ‘Approved Drug*
9 *Products with Therapeutic Equivalence Evalua-*
10 *tions’, available on the first day of the third*
11 *month before the beginning of the period), and*

12 “(ii) *are sold or marketed during the period.*
13 *For purposes of clause (ii), a drug is considered to be*
14 *sold or marketed during a period if it is listed in the*
15 *publications referred to in clause (i) for the third*
16 *month before the beginning of the period, unless the*
17 *Secretary determines that such sale or marketing is not*
18 *actually taking place.*

19 “(B) *A drug has a ‘restrictive prescription’ only if*
20 *the the prescription for the drug indicates, in the hand-*
21 *writing of the physician or other person prescribing the*
22 *drug and with an appropriate phrase (such as ‘brand*
23 *medically necessary’) recognized by the Secretary, that*
24 *the particular drug must be dispensed.*

“(C) The term ‘payment calculation period’ means the 6-month period beginning with January of each year (after 1988) and the 6-month period beginning with July of each year (after 1988).”.

(2) *REPORT ON PAYMENT LIMITS.*—The Secretary of Health and Human Services shall review the payment limits described in section 1833(m)(3) of the Social Security Act on covered outpatient drugs and shall report to Congress, by not later than April 1, 1989, on the appropriateness of such limits. The Secretary shall include in such report such recommendations for changes in such limits as may be appropriate.

(c) *PARTICIPATING PHARMACIES.*—Section 1842 (42 U.S.C. 1395t) is amended—

(1) in subclauses (III) and (IV) of subsection (c)(2)(B)(ii), by inserting “or by participating pharmacies” after “participating physicians” each place it appears;

(2) in subsection (h)(1), by inserting before the period at the end of the second sentence the following: “and, with respect to a supplier of covered outpatient drugs, is a participating pharmacy (as defined in subsection (i)(1))”; and

(3) by adding after subsection (h) the following new subsection:

1 “(i)(1) For purposes of this section, the term ‘participat-
2 ing pharmacy’ means an entity which is authorized under a
3 State law to dispense covered outpatient drugs and which has
4 entered into an agreement with the Secretary, providing at
5 least the following:

6 “(A) The entity agrees—

7 “(i) not to refuse to dispense covered outpa-
8 tient drugs items stocked by the entity to any in-
9 dividual entitled to benefits under this part (in
10 this section referred to as ‘medicare benefici-
11 aries’), and

12 “(ii) not to charge medicare beneficiaries
13 more for such drugs than the amount it charges to
14 the general public.

15 “(B) The entity agrees to keep patient records (in-
16 cluding records on expenses incurred by medicare bene-
17 ficiaries) for all covered outpatient drugs dispensed to
18 all such beneficiaries.

19 “(C) The entity agrees—

20 “(i) to assist medicare beneficiaries in deter-
21 mining whether or not their expenses (for covered
22 outpatient drugs dispensed in a year) have exceed-
23 ed the deductible under section 1833(m)(1)(A), in-
24 cluding providing the documentation necessary to
25 establish this, and

1 “(ii) on behalf and on the request of such a
2 beneficiary, to submit to the carrier such docu-
3 mentation as the Secretary requires.

4 “(D) The entity agrees, upon request of a medi-
5 care beneficiary, to provide a copy of the records main-
6 tained under subparagraph (B) to another participat-
7 ing pharmacy or to a carrier under this section.

8 “(E) The entity agrees—

9 “(i) to offer to counsel, or to offer to provide
10 information to, each medicare beneficiary on the
11 appropriate use of a drug to be dispensed and
12 whether there are potential interactions between
13 the drug and other drugs dispensed to the benefi-
14 ciary; and

15 “(ii) to advise the beneficiary on the avail-
16 ability (consistent with State laws respecting sub-
17 stitution of drugs) of therapeutically equivalent
18 covered outpatient drugs.

19 “(2) The Secretary shall provide to each participating
20 pharmacy—

21 “(A) a distinctive emblem (suitable for display to
22 the public) indicating that the pharmacy is a partici-
23 pating pharmacy, and

24 “(B) before the beginning of each payment calcu-
25 lation period, information on the payment limits estab-

lished under paragraphs (3) and (4) of section 1833(m).

“(3) The Secretary shall provide for periodic audits of participating pharmacies to assure that they do not impose charges in excess of the amounts permitted under paragraph (1)(A)(ii).

“(4) Notwithstanding subsection (b)(3)(B), payment for covered outpatient drugs may be made on the basis of an assignment described in clause (ii) of that subsection only to a participating pharmacy.”.

(d) *ADDITIONAL PREMIUM FOR PRESCRIPTION DRUG BENEFIT.*—Section 1839 (42 U.S.C. 1395r) is amended—

(1) in the second sentence of subsection (a)(1), by inserting “(other than costs relating to covered outpatient drugs)” before the period;

(2) in subsection (a)(2), by striking “and (e)” and inserting “, (e), and (g)”;

(3) in subsection (a)(3), by striking “subsection (e)” and inserting “subsections (e) and (g)”;

(4) in the second sentence of subsection (a)(4), by inserting “(other than costs relating to covered outpatient drugs)” before the period; and

(5) by adding at the end the following new subsection:

1 “(g)(1)(A) The Secretary shall, during September of
2 1987 and of each year thereafter, determine a monthly actu-
3 arial rate for covered outpatient drugs which shall be applica-
4 ble for the succeeding calendar year.

5 “(B) Subject to subparagraph (C), such actuarial rate
6 shall be the amount the Secretary estimates to be necessary
7 so that the aggregate amount for such calendar year with
8 respect to enrollees will equal 100 percent of the total of the
9 benefits and administrative costs which he estimates will be
10 payable from the Federal Supplementary Medical Insurance
11 Trust Fund for covered outpatient drugs dispensed and relat-
12 ed administrative costs incurred in such calendar year with
13 respect to such enrollees.

14 “(C) In establishing the monthly actuarial rate under
15 this paragraph for each year (after 1990), the Secretary shall
16 take into account any net surplus or deficit of the aggregate
17 amount of the monthly premium increases provided under
18 paragraph (2) for previous years for all enrollees over the
19 total of the benefits and administrative costs which the Secre-
20 tary determines were paid from the Federal Supplementary
21 Medical Insurance Trust Fund for covered outpatient drugs
22 dispensed and related administrative costs incurred in such
23 previous years for all such enrollees.

24 “(2) Subject to paragraph (3), notwithstanding any
25 other provision of this section (except as provided in subsec-

1 tions (b) and (f)), the monthly premium of each individual
 2 enrolled under this part for each month in a year after De-
 3 cember 1987 shall be increased by the monthly actuarial rate
 4 determined according to paragraph (1) for that year; except
 5 that if the increase determined under this paragraph is not a
 6 multiple of 10 cents, it shall be rounded to the nearest multi-
 7 ple of 10 cents.

8 “(3) The increase in monthly premium under para-
 9 graph (2) for each month in—

10 “(A) 1988 may not exceed \$0.30,

11 “(B) 1989 may not exceed \$3.20,

12 “(C) 1990 may not exceed \$4.90, and

13 “(D) a subsequent year may not exceed 120 per-
 14 cent of the monthly premium increase provided under
 15 paragraph (2) for months in the preceding year.”.

16 (e) *USE OF CARRIERS IN ADMINISTRATION.*—

17 (1) *ADDITIONAL FUNCTIONS OF CARRIERS.*—

18 Section 1842(b)(3) (42 U.S.C. 1395u(b)(3)), as
 19 amended by section 201(c), is amended—

20 (A) by striking “and” at the end of subpara-
 21 graph (H),

22 (B) by adding “and” at the end of subpara-
 23 graph (I), and

24 (C) by inserting after subparagraph (I) the
 25 following new subparagraph:

“(J) if it makes determinations or payments with respect to covered outpatient drugs, will—

“(i) offer, at the option of participating pharmacies, to receive requests for payments for such drugs through electronic communications, and

“(ii) respond to requests by participating pharmacies as to whether or not an individual has met the deductible requirement of section 1833(m)(1)(A) for a year;”.

(2) *USE OF REGIONAL CARRIERS.*—Section 1842(b)(2) is amended by adding at the end the following new sentence: “With respect to carrying out functions relating to payment for the Secretary may enter into contracts with carriers under this section to perform such functions on a regional basis.”.

(f) *MODIFICATION OF HMO/CMP RISK-SHARING CONTRACTS.*—

(1) *COUNTING OF EXPENSES BEFORE ENROLLMENT.*—Section 1876(c) (42 U.S.C. 1395mm(c)) is amended by adding at the end the following new paragraph:

“(8) In the case of an individual who enrolls as a member of an eligible organization under this section after January 1 of a year, the organization must take into account, in computing the expenses incurred for covered outpatient

1 *drugs for purposes of meeting the deductible under section*
 2 *1833(m)(1)(A) for the year, expenses incurred for covered*
 3 *outpatient drugs during the year while the individual was*
 4 *entitled to benefits under part B but before the individual so*
 5 *enrolled.”.*

6 (2) *ADJUSTMENT OF AAPCC AND CONTRACTS.—*

7 *The Secretary of Health and Human Services shall—*

8 (A) *in estimating the adjusted average per*
 9 *capita cost under section 1876(a) of the Social*
 10 *Security Act for portions of contract years occur-*
 11 *ring after December 31, 1988, take into account*
 12 *the amendments made by this section, and*

13 (B) *require eligible organizations with risk-*
 14 *sharing contracts under such section to make ap-*
 15 *propriate adjustments in the terms of their agree-*
 16 *ments with medicare beneficiaries to take into ac-*
 17 *count such amendments.*

18 (g) *CONFORMING AMENDMENTS.—*

19 (1) *Section 1844(a) (42 U.S.C. 1395w(a)(1)) is*
 20 *amended by adding at the end the following:*

21 *“In computing the amount of aggregate premiums and premi-*
 22 *ums per enrollee under paragraph (1), there shall not be*
 23 *taken into account premiums attributable to section*
 24 *1839(g).”.*

(2) *The first sentence of section 1866(a)(2)(A)(i) (42 U.S.C. 1395cc(a)(2)(A)(i)) is amended by inserting “the amount of any deduction imposed pursuant to section 1833(m)(1) with respect to covered outpatient drugs” after “items and services by such provider)”.*

(3) *Section 1905(p) (42 U.S.C. 1396d(p)) is amended—*

(A) *in paragraph (3)(C) (as subsequently amended by section 208(d)(2) of this Act), by inserting “and, subject to paragraph (4), the annual deductible under section 1833(m)(1)” after “1833(b)”;* and

(B) *by adding at the end the following new paragraph:*

“(4) Instead of providing to qualified medicare beneficiaries, under paragraph (3)(C), medicare cost-sharing with respect to the annual deductible for covered outpatient drugs under section 1833(m)(1), a State may provide to such beneficiaries, before charges for covered outpatient drugs for a year reach such deductible amount, benefits for prescribed drugs in the same amount, duration, and scope as the benefits made available under the State plan for individuals described in subsection (a)(10)(A)(i).”

(h) *EFFECTIVE DATES.—*

1 (1) *IN GENERAL.*—*Except as otherwise provided*
 2 *in this subsection, the amendments made by this sec-*
 3 *tion shall apply to covered outpatient drugs dispensed*
 4 *on or after January 1, 1989.*

5 (2) *PREMIUMS.*—*The amendments made by sub-*
 6 *sections (d) and (g)(1) shall apply to premiums for*
 7 *months beginning with January 1988.*

8 (3) *CARRIERS.*—*The amendments made by this*
 9 *subsection (e) shall take effect on the date of the enact-*
 10 *ment of this Act.*

11 (4) *HMO/CMP ENROLLMENTS.*—*The amend-*
 12 *ment made by subsection (f)(1) shall apply to enroll-*
 13 *ments effected on or after January 1, 1989.*

14 (5) *MEDICAID CHANGES.*—(A) *The amendments*
 15 *made by subsection (g)(3) apply (except as provided in*
 16 *subparagraph (B)) to payments under title XIX of the*
 17 *Social Security Act for calendar quarters beginning on*
 18 *or after July 1, 1988, without regard to whether or not*
 19 *final regulations to carry out such amendments have*
 20 *been promulgated by such date, with respect to medical*
 21 *assistance for—*

22 (i) *monthly premiums under title XVIII of*
 23 *such Act for months beginning with July 1988,*
 24 *and*

(ii) covered outpatient drugs dispensed on or after January 1, 1989.

(B) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by subsection (g)(3), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first session of the State legislature that begins after the date of the enactment of this Act.

SEC. 203. IN-HOME CARE FOR CERTAIN CHRONICALLY DEPENDENT INDIVIDUALS.

(a) *IN GENERAL.*—Section 1832(a) (42 U.S.C. 1395k(a)) is amended—

(1) by amending subparagraph (A) of paragraph (2) to read as follows:

“(A)(i) home health services, and (ii) subject to section 1839(h)(4), in-home care for a chronically dependent individual for up to 120 hours in any calendar year;” and

1 (2) by adding at the end the following new sen-
2 tence:

3 *“In the case of in-home care (described in paragraph*
4 *(2)(A)(ii)) provided to a chronically dependent individual on*
5 *any day, such care provided for 3 hours or less on the day*
6 *shall be counted (for purposes of the limitation in such para-*
7 *graph) as 3 hours of such care.”.*

8 (b) *IN-HOME CARE FOR CHRONICALLY DEPENDENT*
9 *INDIVIDUAL DEFINED.*—Section 1861 (42 U.S.C. 1395x)
10 *is amended by adding at the end the following new subsec-*
11 *tion:*

12 *“In-Home Care; Chronically Dependent Individual*
13 *“(ff)(1) The term ‘in-home care’ means the following*
14 *items and services furnished, under the supervision of a reg-*
15 *istered professional nurse, to a chronically dependent individ-*
16 *ual (as defined in paragraph (2)) by a home health agency or*
17 *by others under arrangements with them made by such*
18 *agency in a place of residence used as such individual’s*
19 *home:*

20 *“(A) Services of a homemaker/home health aide*
21 *(who has successfully completed a training program*
22 *approved by the Secretary).*

23 *“(B) Personal care services.*

24 *“(C) Nursing care provided by a licensed profes-*
25 *sional nurse.*

1 “(2) The term ‘chronically dependent individual’ means
2 an individual who—

3 “(A) is dependent on a daily basis on a primary
4 caregiver who is living with the individual and is as-
5 sisting the individual without monetary compensation
6 in the performance of at least 2 of the activities of
7 daily living (described in paragraph (3)), and

8 “(B) without such assistance could not perform
9 such activities of daily living.

10 “(3) The ‘activities of daily living’, referred to in para-
11 graph (2), are as follows:

12 “(i) Eating.

13 “(ii) Bathing.

14 “(iii) Dressing.

15 “(iv) Toileting.

16 “(v) Transferring in and out of a bed or in
17 and out of a chair.”.

18 (c) PAYMENT.—Section 1833(a) (42 U.S.C. 1395l(a))
19 is amended—

20 (1) in paragraph (2), by inserting “(A)(ii),” after
21 “subparagraphs” the first place it appears,

22 (2) in paragraph (3), by striking “(D)” and in-
23 serting “(A)(ii), (D),”, and

24 (3) by adding at the end the following:

1 *“Payment for in-home care for chronically dependent indi-*
2 *viduals shall be paid on the basis of an hour of such care*
3 *provided.”.*

4 (d) *CERTIFICATION.—Section 1835(a)(2) (42 U.S.C.*
5 *1395n(a)(2)) is amended—*

6 (1) *by striking “and” at the end of subparagraph*
7 *(D);*

8 (2) *by striking the period at the end of subpara-*
9 *graph (E) and inserting in lieu thereof “; and”; and*

10 (3) *by inserting after subparagraph (E) the fol-*
11 *lowing new subparagraph:*

12 *“(F) in the case of in-home care provided to*
13 *a chronically dependent individual during a 12-*
14 *month period, the individual was a chronically*
15 *dependent individual during the 3-month period*
16 *immediately preceding the beginning of the 12-*
17 *month period.”.*

18 (e) *ADDITIONAL PREMIUM FOR IN-HOME CARE.—*
19 *Section 1839 (42 U.S.C. 1395r), as amended by section*
20 *202(d), is amended—*

21 (1) *in the second sentence of subsection (a)(1), by*
22 *inserting “and costs relating to in-home care, as de-*
23 *finied in section 1861(ff)(1)” after “covered outpatient*
24 *drugs”;*

1 (2) in subsection (a)(2), by striking “and (g)”
2 and inserting “(g), and (h)”;

3 (3) in subsection (a)(3), by striking “and (g)”
4 and inserting “, (g), and (h)”;

5 (4) in the second sentence of subsection (a)(4), by
6 inserting “and costs relating to in-home care, as de-
7 fined in section 1861(ff)(1)” after “covered outpatient
8 drugs”; and

9 (5) by adding at the end the following new sub-
10 section:

11 “(h)(1)(A) The Secretary shall, during September of
12 1988 and of each year thereafter, determine a monthly actu-
13 arial rate for in-home care (as defined in section 1861(ff)(1))
14 which shall be applicable for the succeeding calendar year.

15 “(B) Such actuarial rate shall be the amount the Secre-
16 tary estimates to be necessary so that the aggregate amount
17 for such calendar year with respect to enrollees will equal
18 100 percent of the total of the benefits and administrative
19 costs which he estimates will be payable from the Federal
20 Supplementary Medical Insurance Trust Fund for in-home
21 care provided and related administrative costs incurred in
22 such calendar year with respect to such enrollees.

23 “(C) In establishing the monthly actuarial rate under
24 this paragraph for each year (after 1990), the Secretary shall
25 take into account any net surplus or deficit of the aggregate

1 amount of the monthly premium increases provided under
 2 paragraph (2) for previous years for all enrollees over the
 3 total of the benefits and administrative costs which the Secre-
 4 tary determines were paid from the Federal Supplementary
 5 Medical Insurance Trust Fund for in-home care provided
 6 and related administrative costs incurred in such previous
 7 years for all such enrollees.

8 “(2) Subject to paragraph (3), notwithstanding any
 9 other provision of this section (except as provided in subsec-
 10 tions (b) and (f)), the monthly premium of each individual
 11 enrolled under this part for each month in a year after De-
 12 cember 1988 shall be increased by the monthly actuarial rate
 13 determined according to paragraph (1) for that year; except
 14 that if the increase determined under this paragraph is not a
 15 multiple of 10 cents, it shall be rounded to the nearest multi-
 16 ple of 10 cents.

17 “(3) The increase in monthly premium under para-
 18 graph (2) for each month in—

19 “(A) 1989 may not exceed \$0.40,

20 “(B) 1990 may not exceed \$0.70, and

21 “(C) a subsequent year may not exceed 120 per-
 22 cent of the monthly premium increase provided under
 23 paragraph (2) for months in the preceding year.

24 “(4) If the monthly actuarial rate determined under
 25 paragraph (1) for a year (after 1990) exceeds 120 percent of

1 *the monthly premium increase provided under paragraph (2)*
 2 *for months in the preceding year, the Secretary shall decrease*
 3 *the maximum number of hours of in-home care under section*
 4 *1832(a)(2)(A)(ii) in that year (and only in that year) by*
 5 *such an amount as will assure that—*

6 “(A) *the aggregate amount of the monthly premi-*
 7 *um increase provided under this subsection for the year*
 8 *for all enrollees,*
 9 *is equal to—*

10 “(B) *the total of the benefits and administrative*
 11 *costs which the Secretary estimates will be payable*
 12 *from the Federal Supplementary Medical Insurance*
 13 *Trust Fund for in-home care provided and related ad-*
 14 *ministrative costs incurred in such year for all such*
 15 *enrollees.”.*

16 (f) *STANDARDS FOR UTILIZATION.—*

17 (1) *Section 1862(a) (42 U.S.C. 1395y(a)) is*
 18 *amended—*

19 (A) *in paragraph (1)—*

20 (i) *in subparagraph (A), by striking*
 21 *“subparagraphs (B), (C), or (D)” and in-*
 22 *serting “a succeeding subparagraph of this*
 23 *paragraph”,*

24 (ii) *by striking “and” at the end of sub-*
 25 *paragraph (D),*

1 (iii) by adding “and” at the end of sub-
2 paragraph (E), and

3 (iv) by adding at the end the following
4 new subparagraph:

5 “(F) in the case of in-home care for chronically
6 dependent individuals, which is not reasonable and
7 necessary to assure the health and condition of the in-
8 dividual is maintained in the individual’s noninstitu-
9 tional residence;”; and

10 (B) in paragraph (6), by inserting “and
11 except, in the case of in-home care, as is otherwise
12 permitted under paragraph (1)(F)” after “para-
13 graph (1)(C)”.

14 (2) *The Secretary of Health and Human Services*
15 *shall take appropriate efforts to assure the quality, and*
16 *provide for appropriate utilization of, in-home care for*
17 *chronically dependent individuals under the amend-*
18 *ments made by this section.*

19 (g) *EFFECTIVE DATE.*—*The amendments made by this*
20 *section shall apply to items and services furnished on or after*
21 *January 1, 1989; except that the amendments made by sub-*
22 *section (e) shall apply to premiums for months beginning*
23 *with January 1989.*

24 (h) *STUDY OF ALTERNATIVE OUT-OF-HOME SERV-*
25 *ICES.*—*The Secretary of Health and Human Services shall*

1 study, and report to Congress, not later than 18 months after
2 the date of the enactment of this Act, on the advisability of
3 providing, to chronically dependent individuals eligible for
4 in-home care under the amendments made by this section,
5 out-of-home services (such as adult day care services or nurs-
6 ing facility services) as alternative services to in-home care.

7 (i) *STUDY OF IN-HOME CARE.*—The Secretary shall
8 study, and report to Congress, not later than January 1,
9 1991, on the extent of use, cost, and effectiveness of in-home
10 care provided to chronically dependent individuals under the
11 amendments made by this section.

12 **SEC. 204. EXTENDING HOME HEALTH SERVICES.**

13 (a) *COVERAGE.*—Section 1861(m) (42 U.S.C.
14 1395x(m)) is amended by adding at the end the following
15 new sentence: “For purposes of paragraphs (1) and (4) and
16 sections 1814(a)(2)(C) and 1835(a)(2)(A), nursing care and
17 home health aide services shall be considered to be provided
18 or needed on an ‘intermittent’ basis if they are provided or
19 needed less than 7 days each week and, in the case they are
20 provided or needed for 7 days each week, if they are provided
21 or needed for an initial period of up to 35 consecutive days,
22 and for a subsequent period based on a physician certifica-
23 tion of exceptional circumstances requiring such services on
24 such a basis.”.

1 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
 2 *section (a) shall apply to services furnished on or after Janu-*
 3 *ary 1, 1989.*

4 **SEC. 205. INCREASE IN MAXIMUM PAYMENT ALLOWED FOR OUT-**
 5 **PATIENT MENTAL HEALTH SERVICES.**

6 (a) *IN GENERAL.*—*Section 1833(c) (42 U.S.C.*
 7 *1395l(c)) is amended—*

8 (1) *in paragraph (1), by striking “\$312.50” and*
 9 *inserting “the amount specified in paragraph (2) for*
 10 *that year”;*

11 (2) *by redesignating paragraphs (1) and (2) as*
 12 *subparagraphs (A) and (B);*

13 (3) *by inserting “(1)” after “(c)”;* and

14 (4) *by adding at the end the following new para-*
 15 *graph:*

16 “(2) *The amount specified in this paragraph for 1989 is*
 17 *\$1,250. The amount specified in this paragraph for each suc-*
 18 *ceeding year is the amount specified in this paragraph for the*
 19 *preceding year increased by the percentage increase in the*
 20 *MEI (as defined in section 1842(b)(4)(E)(ii)) for the year*
 21 *involved. If any amount determined under the previous sen-*
 22 *tence is not a multiple of \$10, it shall be rounded to the*
 23 *nearest multiple of \$10.”.*

1 (b) *CONFORMING AMENDMENTS.—*(1) *Section*
 2 *1833(f), as inserted by section 201 of this Act, is amended by*
 3 *adding at the end the following new paragraph:*

4 “(5) *In applying paragraphs (1) and (2), the amount*
 5 *specified in subsection (c)(2) is deemed to be \$312.50.”.*

6 (2) *Section 1833(c) (42 U.S.C. 1395l(c)), as amended*
 7 *by subsection (a), is further amended by adding at the end*
 8 *the following new paragraph:*

9 “(3) *In this subsection, the term ‘treatment’ shall not be*
 10 *construed as including medical management visits.”.*

11 (3) *The second sentence of section 1866(a)(2)(A) (42*
 12 *U.S.C. 1395cc(a)(2)(A)) is amended by striking “1833(c)”*
 13 *and inserting “1833(c)(1)”.*

14 (c) *EFFECTIVE DATE.—The amendments made by this*
 15 *section shall apply to expenses incurred for services furnished*
 16 *on or after January 1, 1989.*

17 **SEC. 206. COVERAGE OF INFLUENZA VACCINE AND ITS ADMINIS-**
 18 **TRATION.**

19 (a) *IN GENERAL.—Section 1861(s)(10)(A) (42*
 20 *U.S.C. 1395x(a)(10)(A)) is amended by inserting before the*
 21 *semicolon the following: “and influenza vaccine and its ad-*
 22 *ministration”.*

23 (b) *ADDITIONAL PREMIUM FOR INFLUENZA VAC-*
 24 *CINE.—Section 1839 (42 U.S.C. 1395r), as amended by*
 25 *sections 202(d) and 203(e), is amended—*

1 (1) in the second sentence of subsection (a)(1)—

2 (A) by striking “and costs” and inserting “,
3 costs”, and

4 (B) by inserting “and costs relating to influ-
5 enza vaccine and its administration” after “sec-
6 tion 1861(ff)(1)”;

7 (2) in subsection (a)(2), by striking “and (h)”
8 and inserting “(h), and (i)”;

9 (3) in subsection (a)(3), by striking “and (h)”
10 and inserting “(h), and (i)”;

11 (4) in the second sentence of subsection (a)(4)—

12 (A) by striking “and costs” and inserting “,
13 costs”, and

14 (B) by inserting “and costs relating to influ-
15 enza vaccine and its administration” after “sec-
16 tion 1861(ff)(1)”;

17 (5) by adding at the end the following new
18 subsection:

19 “(i)(1) The Secretary shall, during September of 1988
20 and of each year thereafter, determine a monthly actuarial
21 rate for influenza vaccine and its administration which
22 shall be applicable for the succeeding calendar year. Such
23 actuarial rate shall be the amount the Secretary estimates to
24 be necessary so that the aggregate amount for such calendar
25 year with respect to enrollees will equal 100 percent of the

1 *total of the benefits and administrative costs which he esti-*
 2 *mates will be payable from the Federal Supplementary*
 3 *Medical Insurance Trust Fund for influenza vaccine and*
 4 *related administrative costs incurred in such calendar year*
 5 *with respect to such enrollees.*

6 “(2) Notwithstanding any other provision of this sec-
 7 tion (except as provided in subsections (b) and (f)), the
 8 monthly premium of each individual enrolled under this
 9 part for each month in a year after December 1988 shall be
 10 increased by the monthly actuarial rate determined accord-
 11 ing to paragraph (1) for that year; except that if the in-
 12 crease determined under this paragraph is not a multiple of
 13 10 cents, it shall be rounded to the nearest multiple of 10
 14 cents.”.

15 (c) *EFFECTIVE DATES.*—The amendment made by
 16 subsection (a) shall apply to influenza vaccine administered
 17 on or after January 1, 1989, and the amendments made by
 18 subsection (b) shall apply to premiums for months begin-
 19 ning with January 1989.

20 **SEC. 207. MAILING OF NOTICE OF MEDICARE BENEFITS AND**
 21 **PARTICIPATING PHYSICIAN DIRECTORIES.**

22 (a) *DISTRIBUTION OF NOTICE OF MEDICARE BENE-*
 23 *FITS.*—Title XVIII is amended by inserting after section
 24 1803 the following new section:

1 “NOTICE OF MEDICARE BENEFITS

2 “SEC. 1804. (a) *The Secretary shall distribute annu-*
3 *ally a notice containing—*

4 “(1) *a clear, simple explanation of the benefits*
5 *available under this title and health care services for*
6 *which benefits are not available under this title, and*

7 “(2) *a description of the limited benefits for long-*
8 *term care services available under this title and gener-*
9 *ally available under State plans approved under title*
10 *XIX.*

11 *Such notice shall be mailed annually to individuals entitled*
12 *to benefits under part A or part B of this title.*

13 “(b) *There are authorized to be appropriated in equal*
14 *proportions from the Federal Hospital Insurance Trust*
15 *Fund and from the Federal Supplementary Medical Insur-*
16 *ance Trust Fund such sums as may be required to provide*
17 *for the annual publication and distribution of the notice de-*
18 *scribed in subsection (a).”.*

19 (b) *DISTRIBUTION OF PARTICIPATING PHYSICIAN*
20 *DIRECTORIES.—The second sentence of section 1842(h)(6)*
21 *(42 U.S.C. 1395u(h)(6)) is amended by inserting after*
22 *“that area” the following: “and to each individual enrolled*
23 *under this part and residing in that area”.*

24 (c) *EFFECTIVE DATES.—*

(1) *The Secretary of Health and Human Services shall first distribute the notice required by the amendment made by subsection (a) not later than January 31, 1988, or, if later, 3 months after the date of the enactment of this Act.*

(2) *The amendment made by subsection (b) shall first apply to directories for 1988.*

SEC. 208. REQUIRING MEDICAID BUY-IN OF PREMIUMS AND COST-SHARING FOR POOR MEDICARE BENEFICIARIES.

(a) **REQUIREMENT.**—(1) *Section 1902(a)(10)(E) (42 U.S.C. 1396a(a)(10)(E)) is amended by striking “at the option of a State, but”.*

(2) *Section 1905(p)(1)(B) (42 U.S.C. 1396d(p)(1)(B)) is amended by striking “and the election of the State”.*

(b) **SETTING INCOME STANDARD AT 100 PERCENT OF POVERTY LEVEL.**—*Section 1905(p)(2)(A) (42 U.S.C. 1396d(p)(2)(A)) is amended by striking “may not exceed a percentage (not more than 100 percent) of the nonfarm” and inserting “shall be 100 percent of the”.*

(c) **RESOURCE STANDARD.**—*Section 1905(p) (42 U.S.C. 1396d(p)) is amended—*

(1) in paragraph (1)(C), by striking “(2)(A)” and inserting “(2)”;

1 (2) in paragraph (1)(D), by striking “(except as
2 provided in paragraph (2)(B))” and inserting “twice”;
3 and

4 (3) in paragraph (2)—

5 (A) in subparagraph (A), by striking “(2)(A)”
6 and inserting “(2)”, and

7 (B) by striking subparagraph (B).

8 (d) *MEDICARE COVERAGE*.—Section 1905(p)(3) (42
9 U.S.C. 1396d(p)(3)) is amended—

10 (1) in subparagraph (A), by striking “under part
11 B and (if applicable) under section 1818” and insert-
12 ing “under title XVIII (including under part B and,
13 if applicable, under section 1818)”; and

14 (2) by amending subparagraphs (B) and (C) to
15 read as follows:

16 “(B) Coinsurance under title XVIII (including
17 coinsurance described in section 1813).

18 “(C) Deductibles established under title XVIII
19 (including those described in section 1813 and
20 1833(b)).”.

21 (e) *CONFORMING AMENDMENTS*.—(1) Section
22 1902(a)(10)(A)(i) (42 U.S.C. 1396a(a)(10)(A)(i)) is
23 amended by adding after and below subclause (III) the
24 following:

“and, to the extent required under subsection (m)(3), some or all of the individuals described in subsection (l)(1);”.

(2) Section 1843 (42 U.S.C. 1395v) is amended by inserting “or after 1987” in subsections (a), (g)(1), and (h)(1) after “during 1981”.

(f) *TECHNICAL AMENDMENT.*—Effective as though included in the enactment of the Omnibus Budget Reconciliation Act of 1986, paragraph (2) of section 9403(g) of such Act is amended to read as follows:

“(2) *PAYMENT OF MEDICARE COST-SHARING.*—Section 1903(a)(1) of such Act (42 U.S.C. 1396b(a)(1)) is amended by inserting ‘including expenditures for medicare cost-sharing and’ before ‘including expenditures.’”.

(g) *TREATMENT OF CERTAIN STATES.*—

(1) *STATES OPERATING UNDER DEMONSTRATION PROJECTS.*—In the case of any State which is providing medical assistance to its residents under a waiver granted under section 1115 of the Social Security Act, the Secretary of Health and Human Services shall require the State to meet the requirement of section 1902(a)(10)(E) of the Social Security Act in same manner as the State would be required to meet

1 *such requirement if the State had in effect a plan ap-*
 2 *proved under title XIX of such Act.*

3 (2) *COMMONWEALTHS AND TERRITORIES.*—*Sec-*
 4 *tion 1905(p) (42 U.S.C. 1396d(p)), as amended by*
 5 *section 202(g)(3)(B), is amended by adding at the end*
 6 *the following new paragraph:*

7 “(5) *Notwithstanding any other provision of this title,*
 8 *in the case of a State (other than the 50 States and the Dis-*
 9 *trict of Columbia)—*

10 “(A) *the requirement stated in section*
 11 *1902(a)(10)(E) shall be optional, and*

12 “(B) *for purposes of paragraph (2)(A), the State*
 13 *may substitute for 100 percent any lesser percentage.”.*

14 (h) *EFFECTIVE DATE.*—(1) *The amendments made by*
 15 *this section apply (except as provided in subsection (f) and*
 16 *under paragraph (2)) to payments under title XIX of the*
 17 *Social Security Act for calendar quarters beginning on or*
 18 *after July 1, 1988, without regard to whether or not final*
 19 *regulations to carry out such amendments have been promul-*
 20 *gated by such date, with respect to medical assistance for—*

21 (A) *monthly premiums under title XVIII of such*
 22 *Act for months beginning with July 1988, and*

23 (B) *items and services furnished on and after*
 24 *July 1, 1988.*

1 (2) *In the case of a State plan for medical assistance*
 2 *under title XIX of the Social Security Act which the Secre-*
 3 *tary of Health and Human Services determines requires*
 4 *State legislation (other than legislation appropriating funds)*
 5 *in order for the plan to meet the additional requirements im-*
 6 *posed by the amendments made by this section, the State*
 7 *plan shall not be regarded as failing to comply with the re-*
 8 *quirements of such title solely on the basis of its failure to*
 9 *meet these additional requirements before the first day of the*
 10 *first session of the State legislature that begins after the date*
 11 *of the enactment of this Act.*

12 **SEC. 209. ADJUSTMENT IN MEDICARE PART B PREMIUM.**

13 (a) **TRANSITIONAL ADJUSTMENTS IN 1990 AND**
 14 **1991.**—Section 1839(e) (42 U.S.C. 1395r(e)) is amended
 15 by adding at the end the following new paragraph:

16 “(3)(A) Notwithstanding the provisions of subsection
 17 (a), but subject to the provisions of subsections (g), (h), and
 18 (i) the monthly premium for each individual enrolled under
 19 this part for each month—

20 “(i) in 1990 shall be \$1.00 greater than the
 21 amount otherwise determined under subsection (a), and

22 “(ii) in 1991 shall be 40 cents greater than the
 23 amount otherwise determined under subsection (a).

24 Any increases in premium amounts taking effect under this
 25 paragraph for months in a year shall be taken into account

1 *for purposes of determining increases in each subsequent*
 2 *year under subsection (a)(3).*

3 “(B) Subparagraph (A) does not apply to premiums de-
 4 termined under paragraph (4) or (5).”

5 (b) *PART B PREMIUM FOR RESIDENTS OF U.S. COM-*
 6 *MONWEALTHS AND TERRITORIES.*—*Such section is further*
 7 *amended by adding at the end the following new paragraph:*

8 “(4)(A) Notwithstanding the provisions of subsection
 9 (a), but subject to subsections (g), (h), and (i), in the case of
 10 an individual who is a resident of a commonwealth or terri-
 11 tory during a month—

12 “(i) in 1988 or 1989, the monthly premium other-
 13 wise determined for the individual under paragraph (1)
 14 or subsection (a)(3), respectively, shall be increased by
 15 the amount described in subparagraph (B) for that
 16 month; or

17 “(ii) in a subsequent year, the monthly premium
 18 which shall apply shall be the amount described in
 19 subparagraph (C) for that month.

20 “(B) The amount described in this subparagraph for a
 21 month in 1988 or 1989 for an individual residing in a par-
 22 ticular commonwealth or territory is $\frac{1}{12}$ th of the product of—

23 “(i) the average, per capita additional benefits
 24 (and related administrative costs), as determined by the
 25 Secretary during September of the previous year, that

1 *will be payable under this title during the year by*
2 *reason of the amendments made by the Medicare Cata-*
3 *strophic Protection Act of 1987 (other than sections*
4 *202, 203, and 206 thereof); and*

5 *“(ii) the ratio (determined by the Secretary for*
6 *that commonwealth or territory during September*
7 *1987) of—*

8 *“(I) the per capita actuarial value of the*
9 *benefits under this title for residents of the com-*
10 *monwealth or territory who are entitled to benefits*
11 *under both part A and this part, to*

12 *“(II) the per capita actuarial value of the*
13 *benefits under this title for residents of the United*
14 *States who are entitled to benefits under both part*
15 *A and this part.*

16 *“(C) The amount described in this subparagraph for a*
17 *month in—*

18 *“(i) 1990, is the sum of—*

19 *“(I) the monthly premium established under*
20 *subsection (a)(3) for months in 1989, and*

21 *“(II) the amount described in subparagraph*
22 *(B) for months in 1989,*
23 *increased by the premium percentage increase (as de-*
24 *fined in subparagraph (E)(ii)) for 1990; or*

1 “(ii) a succeeding year is the amount described in
2 this subparagraph for months in the previous year in-
3 creased by the premium increase percentage for that
4 succeeding year.

5 “(D) If any amount determined under the previous pro-
6 visions of this subparagraph is not a multiple of 10 cents, the
7 Secretary shall round the amount to the nearest multiple of
8 10 cents.

9 “(E) In this paragraph:

10 “(i) The term ‘commonwealth or territory’ means
11 Puerto Rico, the Virgin Islands, Guam, American
12 Samoa, or the Northern Mariana Islands.

13 “(ii) The term ‘percentage premium increase’, for
14 a year, means the percentage determined under subsec-
15 tion (a)(3)(B) in the previous year.”.

16 (c) *PART B PREMIUM FOR INDIVIDUALS ENROLLED*
17 *UNDER PART B BUT NOT ENTITLED TO BENEFITS UNDER*
18 *PART A.—Such section is further amended by adding at the*
19 *end the following new paragraph:*

20 “(5)(A) Notwithstanding the provisions of subsection
21 (a), but subject to subsections (g), (h), and (i), in the case of a
22 part B only individual (as defined in subparagraph (E))
23 during a month—

24 “(i) in 1989, the monthly premium otherwise de-
25 termined for the individual under subsection (a)(3)

shall be increased by the amount described in subparagraph (B); or

“(ii) in a subsequent year, the monthly premium which shall apply shall be the amount described in subparagraph (C) for that month.

“(B) The amount described in this subparagraph is 1/12th of the average, per capita additional benefits (and related administrative costs) that the Secretary estimates (during September of 1988) will be payable under this part during 1989 by reason of the amendments made by the Medicare Catastrophic Protection Act of 1987 (other than sections 202, 203, and 206 thereof).

“(C) The amount described in this subparagraph for a month—

“(i) in 1990, is the sum of—

“(I) the monthly premium established under subsection (a)(3) for months in 1989, and

“(II) the amount described in subparagraph (B),

increased by the premium percentage increase (as defined in paragraph (4)(E)(ii)) for 1990; or

“(ii) in a succeeding year is the amount described in this subparagraph for months in the previous year increased by the premium increase percentage (as so defined) for that succeeding year.

1 “(D) If any amount determined under the previous pro-
 2 visions of this paragraph is not a multiple of 10 cents, the
 3 Secretary shall round the amount to the nearest multiple of
 4 10 cents.

5 “(E) In this paragraph the term ‘part B only individ-
 6 ual’ means, with respect to a premium for a month, an indi-
 7 vidual who—

8 “(i) is not a resident of a commonwealth or terri-
 9 tory (as defined in paragraph (4)(E)(i)) during the
 10 month,

11 “(ii) is entitled to benefits under this part, and

12 “(iii) is not entitled to (or, on application without
 13 payment of an additional premium, would not be enti-
 14 tled to) benefits under part A.”.

15 (d) CONFORMING AMENDMENTS.—

16 (1) Section 1839(b) (42 U.S.C. 1395r(b)) is
 17 amended by striking “determined under subsection (a)
 18 or (e)” and inserting “otherwise determined under this
 19 section (without regard to subsection (f))”.

20 (2) Section 1839 (42 U.S.C. 1395r), as amended
 21 by sections 202(d), 203(e), and 206(b), is amended—

22 (A) in the second sentence of subsection
 23 (a)(1)—

24 (i) by striking “and costs” and insert-
 25 ing “, costs”, and

(ii) by inserting “, and costs attributable to section 1812(f)” after “influenza vaccine and its administration”; and

(B) in the second sentence of subsection (a)(4)—

(i) by striking “and costs” and inserting “, costs”, and

(ii) by inserting “, and costs attributable to section 1812(f)” after “influenza vaccine and its administration”.

(3) The last sentence of section 1844(a) (42 U.S.C. 1395w(a)(1)), as added by section 202(g)(1), is amended by inserting before the period at the end the following: “such premiums shall be computed as though the clause ‘(other than costs attributable to section 1812(f))’ was deleted from paragraphs (1) and (4) of section 1839(a)”.

(e) *EFFECTIVE DATES.*—

(1) The amendments made by subsection (a) shall apply to monthly premiums for months beginning with January 1990.

(2) The amendments made by subsection (b) shall apply to monthly premiums for months beginning with January 1988.

1 (3) *The amendment made by subsections (c) and*
2 *(d) shall apply to monthly premiums for months begin-*
3 *ning with January 1989.*

4 **SEC. 210. CHANGES IN CERTIFICATION OF MEDICARE SUPPLE-**
5 **MENTAL HEALTH INSURANCE POLICIES.**

6 (a) **ESTABLISHMENT OF NEW MEDIGAP STAND-**
7 **ARDS.—**

8 (1) **RECOMMENDED CHANGES.**—*The Secretary*
9 *of Health and Human Services shall report to Con-*
10 *gress, not later than 150 days after the date of the en-*
11 *actment of this Act, on changes that should be made in*
12 *the requirements of subsection (c) of section 1882 of*
13 *the Social Security Act for certification of medicare*
14 *supplemental policies to take into account both the*
15 *amendments made by this Act, and by any other perti-*
16 *nent Acts enacted by the first session of the 100th*
17 *Congress, and any recommendations developed by the*
18 *National Association of Insurance Commissioners.*

19 (2) **CONGRESSIONAL ACTION.**—*It is the sense of*
20 *Congress that—*

21 (A) *Congress will promptly act on such rec-*
22 *ommendations and provide for appropriate*
23 *changes in the requirements of subsection (c) of*
24 *that section, and*

(B) States will be expected to adjust their laws in a timely manner to comply with the changes in such requirements.

(b) *REQUIRED MAILING OF NOTICE.*—

(1) *IN GENERAL.*—Section 1882(b) (42 U.S.C. 1395ss(b)) is amended by adding at the end the following new paragraph:

“(3) Notwithstanding paragraph (1), in the case of a medicare supplemental policy offered in a State and in effect on January 1, 1988, the policy shall not be deemed to meet the standards and requirements set forth in subsection (c), unless each individual who is entitled to benefits under this title and is a policyholder under such policy on January 1, 1988, is sent a letter by not later than January 31, 1988, that explains—

“(A) the improved benefits under this title contained in legislation enacted by the first session of the 100th Congress, and

“(B) how these improvements affect the benefits contained in the policies and the premium for the policy.”.

(2) *EFFECTIVE DATE.*—The amendment made by paragraph (1) shall apply to medicare supplemental policies as of February 1, 1988.

(c) *REQUIRED SUBMISSION OF ADVERTISING.*—

1 (1) *IN GENERAL.*—Section 1882(b) is further
 2 amended by adding after paragraph (3) the following
 3 new paragraph:

4 “(4) Notwithstanding paragraph (1), a medicare supple-
 5 mental policy offered in a State shall not be deemed to meet
 6 the standards and requirements set forth in subsection (c),
 7 with respect to a advertisement (whether through written,
 8 radio, or television medium) used (or, at a State’s option, to
 9 be used) for the policy in the State, unless the entity issuing
 10 the policy provides a copy of each advertisement to the Com-
 11 missioner of Insurance (or comparable officer identified by
 12 the Secretary) of that State for his or her review in accord-
 13 ance with State law.”.

14 (2) *EFFECTIVE DATE.*—The amendment made
 15 by paragraph (1) shall apply to medicare supplemental
 16 policies as of January 1, 1988, with respect to adver-
 17 tising used on or after such date.

18 (d) *TRANSITION FOR CURRENT POLICIES.*—Notwith-
 19 standing any other provision of law, during the period begin-
 20 ning on January 1, 1988, and ending on December 31,
 21 1988, no penalty may be imposed under subparagraph (A) of
 22 section 1882(d)(3) of the Social Security Act with respect to
 23 a medicare supplemental policy which—

24 (1) is being offered as of (and has been offered
 25 before) the date of the enactment of this Act, and

(2) would not substantially duplicate health benefits to which an individual is otherwise entitled under title XVIII of such Act but for the amendments made by this Act.

SEC. 211. EXTENSION OF SOCIAL HMO DEMONSTRATION PROJECT.

(a) *THROUGH SEPTEMBER 30, 1992.*—The Secretary of Health and Human Services shall extend without interruption, through September 30, 1992, the approval of waivers granted under subsection (a) of section 2355 of the Deficit Reduction Act of 1984 for the demonstration project described in subsection (b) of that section, subject to the terms and conditions (other than duration of the project) established under that section (as amended by subsection (b)).

(b) *EXTENSION OF RISK.*—Section 2355(b)(5) of the Deficit Reduction Act of 1984 is amended by inserting “and in succeeding years” after “third year”.

(c) *INTERIM REPORT.*—Section 2355(d)(2) of the Deficit Reduction Act of 1984 is amended by striking “final” and inserting “interim”.

(d) *FINAL REPORT.*—The Secretary shall submit a final report to the Congress on the project referred to in subsection (a) not later than March 31, 1993.

1 *SEC. 212. STUDY ON COMPREHENSIVE MEDICAL COVERAGE*
2 *UNDER THE MEDICARE PROGRAM.*

3 (a) *IN GENERAL.*—*The Comptroller General shall con-*
4 *duct a study to assess the need for, and cost of, including*
5 *each of the following services in the medicare program for*
6 *medicare beneficiaries:*

7 (1) *ANNUAL PREVENTIVE CARE VISITS.*—*Diag-*
8 *nostic procedures performed during an annual physi-*
9 *cian examination, including (as medically appropriate*
10 *by sex) a routine Papanicolaou test for diagnosis of*
11 *uterine cancer, blood pressure test, blood test for choles-*
12 *terol levels, colorectal exam, and a mammogram.*

13 (2) *ROUTINE EYE CARE.*—*An annual vision ex-*
14 *amination and the dispensing of prescription eye-*
15 *glasses.*

16 (3) *DENTAL CARE.*—*Dental services, including*
17 *an annual dental examination and cleaning, tooth ex-*
18 *tractions, simple restorations, services required for den-*
19 *tures, surgical preparation of endentulous ridges, peri-*
20 *odontal therapy, and endodontics.*

21 (4) *HEARING CARE.*—*Biannual hearing thresh-*
22 *old testing and hearing aids for those with a signifi-*
23 *cant hearing loss.*

24 (5) *LONG-TERM CARE SERVICES.*—*Comprehen-*
25 *sive long-term care services (including adult day care*
26 *services, intermediate care facility services, home- and*

community-based services, outpatient drug therapy, and respite care) provided on a case-managed basis in the environment of least restriction, where approved and regularly recertified by a geriatric assessment team.

(6) *PRESCRIPTION DRUGS AND BIOLOGICALS.*—

Prescription drugs and biologicals.

(b) *COST DETERMINATION.*—*The Comptroller Gener-*

al shall make separate determinations of the costs of each of the services described in subsection (a) on the basis of fee-for-service reimbursement and on the basis of a comprehensive capitation payment arrangement. Such costs shall be determined for fiscal year 1988 and each of the succeeding 4 fiscal years.

(c) *REPORT.*—*The Comptroller General shall report to*

the Congress on the results of the study under this section not later than 6 months after the date of the enactment of this Act.

SEC. 213. RESEARCH ON LONG-TERM CARE SERVICES FOR MEDICAL CARE BENEFICIARIES.

(a) *IN GENERAL.*—*The Secretary of Health and*

Human Services, from the funds appropriated under subsection (b), shall provide for research on issues relating to the delivery and financing of long-term care services for medi-

1 *care beneficiaries. Such research shall include research into*
2 *at least the following areas:*

3 (1) *The financial characteristics of medicare bene-*
4 *ficiaries who receive or need long-term care services,*
5 *including whether such beneficiaries are eligible for*
6 *medicaid benefits for such services.*

7 (2) *How the financial and other characteristics of*
8 *medicare beneficiaries affect their utilization of institu-*
9 *tional and noninstitutional long-term care services.*

10 (3) *How relatives of medicare beneficiaries are af-*
11 *ected financially and in other ways because the benefi-*
12 *ciaries require or receive long-term care services.*

13 (4) *The quality of long-term care services (in*
14 *community-based and custodial settings) and how the*
15 *provision of long-term care services may reduce ex-*
16 *penditures for acute health care services.*

17 (5) *The effectiveness of, and need for, State and*
18 *Federal consumer protections which assure adequate*
19 *access to and protect the rights of medicare benefi-*
20 *ciaries who are provided long-term care services (other*
21 *than in a nursing facility).*

22 (b) *AUTHORIZATION OF APPROPRIATIONS.—There are*
23 *authorized to be appropriated, in equal parts from the Feder-*
24 *al Hospital Insurance Trust Fund and from the Federal*
25 *Supplementary Medical Insurance Trust Fund, \$5,000,000*

1 *for each of fiscal years 1988, 1989, 1990, 1991, and 1992,*
 2 *to carry out the research described in subsection (a).*

3 (c) *LONG-TERM CARE SERVICES DEFINED.*—*In this*
 4 *section, the term “long-term care services” includes nursing*
 5 *home care, home care, community-based services, and custo-*
 6 *dial care.*

7 **SEC. 214. PROTECTION OF INCOME AND RESOURCES OF COUPLE**
 8 **FOR MAINTENANCE OF COMMUNITY SPOUSE.**

9 (a) *IN GENERAL.*—*Title XIX is amended—*

10 (1) *by redesignating section 1921 as section 1922,*
 11 *and*

12 (2) *by inserting after section 1920 the following*
 13 *new section:*

14 **“TREATMENT OF INCOME AND RESOURCES FOR CERTAIN**
 15 **INSTITUTIONALIZED SPOUSES**

16 **“SEC. 1921. (a) SPECIAL TREATMENT FOR INSTITU-**
 17 **TIONALIZED SPOUSES.—**

18 **“(1) SUPERSEDES OTHER PROVISIONS.**—*In de-*
 19 *termining the eligibility for medical assistance of an*
 20 *institutionalized spouse (as defined in subsection*
 21 *(g)(1)), the provisions of this section supersede any*
 22 *other provision of this title (including sections*
 23 *1902(a)(17) and 1902(f)) which is inconsistent with*
 24 *them.*

25 **“(2) NO COMPARABLE TREATMENT RE-**
 26 **QUIRED.**—*Any different treatment provided under this*

1 *section for institutionalized spouses shall not, by*
 2 *reason of paragraph (10) or (17) of section 1902(a),*
 3 *require such treatment for other individuals.*

4 *“(3) DOES NOT AFFECT CERTAIN DETERMINA-*
 5 *TIONS.—Except as this section specifically provides,*
 6 *this section does not apply to—*

7 *“(A) the determination of what constitutes*
 8 *income or resources, or*

9 *“(B) the methodology and standards for de-*
 10 *termining and evaluating income and resources.*

11 *“(4) ELECTION TO USE OTHER RULES.—An in-*
 12 *stitutionalized spouse may elect not to have this section*
 13 *(other than subsection (c)) apply but to have the*
 14 *spouse’s resources and income determined under the*
 15 *law, practice, or policy of the plan (whether approved*
 16 *or not) in effect on March 1, 1987, except to the*
 17 *extent inconsistent with subsection (c).*

18 *“(5) APPLICATION IN CERTAIN STATES AND*
 19 *TERRITORIES.—*

20 *“(A) APPLICATION IN STATES OPERATING*
 21 *UNDER DEMONSTRATION PROJECTS.—In the*
 22 *case of any State which is providing medical as-*
 23 *sistance to its residents under a waiver granted*
 24 *under section 1115, the Secretary shall require*
 25 *the State to meet the requirements of this section*

1 *in same manner as the State would be required to*
 2 *meet such requirement if the State had in effect a*
 3 *plan approved under this title XIX.*

4 *“(B) NO APPLICATION IN COMMON-*
 5 *WEALTHS AND TERRITORIES.—This section shall*
 6 *only apply to a State that is one of the 50 States*
 7 *or the District of Columbia.*

8 *“(b) RULES FOR TREATMENT OF INCOME.—*

9 *“(1) SEPARATE TREATMENT OF INCOME.—*
 10 *During any month in which an institutionalized*
 11 *spouse is in the institution, no income of the communi-*
 12 *ty spouse shall be deemed available to the institutional-*
 13 *ized spouse.*

14 *“(2) ATTRIBUTION OF INCOME.—In determining*
 15 *the income of an institutionalized spouse or community*
 16 *spouse, except as otherwise provided in this section and*
 17 *regardless of any State laws relating to community*
 18 *property or the division of marital property, the follow-*
 19 *ing rules apply:*

20 *“(A) NON-TRUST PROPERTY.—Subject to*
 21 *subparagraphs (C) and (D), in the case of income*
 22 *not from a trust, unless the instrument providing*
 23 *the income otherwise specifically provides—*

24 *“(i) if payment of income is made*
 25 *solely in the name of the institutionalized*

1 spouse or the community spouse, the income
 2 shall be considered available only to that re-
 3 spective spouse;

4 “(ii) if payment of income is made in
 5 the names of the institutionalized spouse and
 6 the community spouse, one-half of the income
 7 shall be considered available to each of them;
 8 and

9 “(iii) if payment of income is made in
 10 the names of the institutionalized spouse or
 11 the community spouse, or both, and to an-
 12 other person or persons, the income shall be
 13 considered available to each of the individ-
 14 uals named in equal proportional shares.

15 “(B) TRUST PROPERTY.—In the case of a
 16 trust—

17 “(i) except as provided in clause (ii),
 18 income shall be attributed in accordance with
 19 the provisions of this title (including sections
 20 1902(a)(17) and 1902(k)), and

21 “(ii) unless the trust otherwise specifi-
 22 cally provides—

23 “(I) if payment of income is made
 24 solely to the institutionalized spouse or
 25 the community spouse, the income shall

1 *be considered available only to that re-*
2 *spective spouse;*

3 “(II) if payment of income is
4 *made to both the institutionalized spouse*
5 *and the community spouse, one-half of*
6 *the income shall be considered available*
7 *to each of them; and*

8 “(III) if payment of income is
9 *made to the institutionalized spouse or*
10 *the community spouse, or both, and to*
11 *another person or persons, the income*
12 *shall be considered available to each of*
13 *such individuals in equal proportional*
14 *shares.*

15 “(C) *PROPERTY WITH NO INSTRUMENT.—*
16 *In the case of income not from a trust in which*
17 *there is no instrument establishing ownership,*
18 *subject to subparagraph (D), one-half of the*
19 *income shall be considered to be available to the*
20 *institutionalized spouse and one-half to the com-*
21 *munity spouse.*

22 “(D) *REBUTTING OWNERSHIP.—The rules*
23 *of subparagraphs (A) and (C) are superceded to*
24 *the extent that an institutionalized spouse can es-*
25 *tablish, by a preponderance of the evidence, that*

1 *the ownership interests in income are other than*
2 *as provided under such subparagraphs.*

3 “(c) *RULES FOR TREATMENT OF RESOURCES.—*

4 “(1) *COMPUTATION OF SPOUSAL SHARE AT*
5 *TIME OF INSTITUTIONALIZATION.—There shall be*
6 *computed (as of the beginning of a continuous period of*
7 *institutionalization of the institutionalized spouse) a*
8 *spousal share which is equal to $\frac{1}{2}$ of the value of all*
9 *the resources held by either the institutionalized spouse,*
10 *community spouse, or both.*

11 “(2) *ATTRIBUTION OF RESOURCES AT TIME OF*
12 *INITIAL ELIGIBILITY DETERMINATION.—In deter-*
13 *mining the resources of an institutionalized spouse at*
14 *the time of application for benefits under this title, re-*
15 *gardless of any State laws relating to community prop-*
16 *erty or the division of marital property—*

17 “(A) *except as provided in subparagraph*
18 *(B), all the resources held by either the institu-*
19 *tionalized spouse, community spouse, or both,*
20 *shall be considered to be available to the institu-*
21 *tionalized spouse, and*

22 “(B) *resources held in the name of (or for*
23 *the sole benefit of) the community spouse shall not*
24 *be considered to be available to an institutional-*
25 *ized spouse, to the extent that the amount of such*

resources does not exceed the amount computed under subsection (e)(2)(A) (as of the time of application for benefits) or, if greater, the amount that a court has ordered to be retained by the community spouse for the support of the community spouse.

“(3) *SEPARATE TREATMENT OF RESOURCES AFTER ELIGIBILITY FOR BENEFITS ESTABLISHED.*—

During the continuous period in which an institutionalized spouse is in an institution and after the month in which an institutionalized spouse is determined to be eligible for benefits under this title, no resources of the community spouse shall be deemed available to the institutionalized spouse.

“(4) *RESOURCES DEFINED.*—In this section, the term ‘resources’ does not include resources excluded under subsection (a) or (d) of section 1613 and does not include resources that would be excluded under section 1613(a)(2)(A) but for the limitation on total value described in such section.

“(c) *PROTECTING INCOME FOR COMMUNITY SPOUSE.*—

“(1) *ALLOWANCES TO BE OFFSET FROM INCOME OF INSTITUTIONALIZED SPOUSE.*—After an institutionalized spouse is determined to be eligible for

1 *medical assistance, in determining the amount of the*
2 *spouse's income that is to be applied monthly to pay-*
3 *ment for the costs of care in the institution, there shall*
4 *be deducted from the spouse's monthly income the fol-*
5 *lowing amounts in the following order:*

6 “(A) A personal needs allowance that is rea-
7 sonable in amount for clothing and other personal
8 needs of the institutionalized spouse and which is
9 not less than \$25 per month.

10 “(B) A community spouse monthly income
11 allowance (as defined in paragraph (2)), but only
12 to the extent income of the institutionalized spouse
13 is made available to (or for the benefit of) the
14 community spouse.

15 “(C) A family allowance, for each family
16 member, equal to at least $\frac{1}{3}$ of the amount by
17 which the amount described in paragraph
18 (3)(A)(i) exceeds the amount of the monthly
19 income of that family member.

20 “(D) Amounts for incurred expenses for
21 medical or remedial care for the institutionalized
22 spouse that are not subject to payment by a legal-
23 ly liable third party.

24 *In subparagraph (C), the term ‘family member’ only*
25 *includes minor or dependent children, dependent par-*

ents, or dependent siblings of the institutionalized or community spouse who are residing with the community spouse.

“(2) *COMMUNITY SPOUSE MONTHLY INCOME ALLOWANCE DEFINED.*—In this section (except as provided in paragraph (6)), the ‘community spouse monthly income allowance’ for a community spouse is an amount by which—

“(A) except as provided in paragraph (4), the minimum monthly maintenance needs allowance (established under and in accordance with paragraph (3)) for the spouse, exceeds

“(B) the amount of monthly income otherwise available to the community spouse (determined without regard to such an allowance).

“(3) *ESTABLISHMENT OF MINIMUM MONTHLY MAINTENANCE NEEDS ALLOWANCE.*—

“(A) *IN GENERAL.*—Each State shall establish a minimum monthly maintenance needs allowance for each community spouse which, subject to subparagraph (B), is equal to or exceeds—

“(i) 150 percent of $\frac{1}{12}$ of the nonfarm income official poverty line (defined by the Office of Management and Budget and revised annually in accordance with sections

1 652 and 673(2) of the Omnibus Budget Rec-
 2 conciliation Act of 1981) for a family unit of
 3 2 members; plus

4 “(ii) an excess shelter allowance (as de-
 5 fined in paragraph (5)); plus

6 “(iii) $\frac{1}{2}$ of the amount by which the
 7 income available to the institutionalized
 8 spouse exceeds the sum of the amounts de-
 9 scribed in clauses (i) and (ii).

10 A revision of the official poverty line referred to
 11 in clause (i) shall apply to medical assistance fur-
 12 nished during and after the second calendar quar-
 13 ter that begins after the date of publication of the
 14 revision.

15 “(B) CAP ON MINIMUM MONTHLY MAINTEN-
 16 NANCE NEEDS ALLOWANCE.—The minimum
 17 monthly maintenance needs allowance established
 18 under subparagraph (A) may not exceed \$1,500
 19 (subject to adjustment under subsection (f)).

20 “(4) NOTICE AND FAIR HEARING.—

21 “(A) NOTICE.—Upon—

22 “(i) a determination of eligibility for
 23 medical assistance of an institutionalized
 24 spouse, or

1 “(ii) a request by an institutionalized
2 spouse (or community spouse or representa-
3 tive on the spouse’s behalf),
4 each State shall notify the spouse of the amount
5 of the community spouse monthly income allow-
6 ance (described in paragraph (1)(B)), of the
7 amount of any family allowances (described in
8 paragraph (1)(C)), of the method for computing
9 the amount of the community spouse resources al-
10 lowance permitted under subsection (e), and of the
11 spouse’s right to a fair hearing under subpara-
12 graph (B) respecting the determination of the com-
13 munity spouse monthly income allowance.

14 “(B) FAIR HEARING.—If an institutional-
15 ized spouse is dissatisfied with a determination
16 of—

17 “(i) the community spouse monthly
18 income allowance because the amount of the
19 minimum monthly maintenance needs allow-
20 ance (established under paragraph (3)) is not
21 adequate to support the community spouse
22 without financial duress, or

23 “(ii) the amount of monthly income oth-
24 erwise available to the community spouse (as
25 applied under paragraph (2)(B)),

1 *the institutionalized spouse is entitled to a fair*
 2 *hearing described in section 1902(a)(3) with re-*
 3 *spect to such determination. If the institutional-*
 4 *ized spouse establishes that the minimum monthly*
 5 *maintenance needs allowance is not adequate to*
 6 *support the community spouse without financial*
 7 *duress, there shall be substituted, for the mini-*
 8 *um monthly maintenance needs allowance in*
 9 *paragraph (2)(A), an amount adequate to support*
 10 *the community spouse without financial duress.*

11 “(5) *EXCESS SHELTER ALLOWANCE DE-*
 12 *FINED.*—*In paragraph (3)(A)(ii), the term ‘excess*
 13 *shelter allowance’ means, for a community spouse, the*
 14 *amount by which the sum of—*

15 “(A) *the spouse’s expenses for mortgage pay-*
 16 *ment (including principal, interest, taxes, and in-*
 17 *surance and, in the case of a condominium or co-*
 18 *operative, required maintenance charge) or rent,*
 19 *and*

20 “(B) *the standard utility allowance (used by*
 21 *the State under section 5(e) of the Food Stamp*
 22 *Act of 1977) or, if the State does not use such an*
 23 *allowance, the spouse’s actual utility expenses,*
 24 *exceeds 30 percent of the amount described in para-*
 25 *graph (3)(A)(i), except that, in the case of a condomin-*

1 *ium or cooperative, for which a maintenance charge is*
 2 *included under subparagraph (A), any allowance*
 3 *under subparagraph (B) shall be reduced to the extent*
 4 *the maintenance charge includes utility expenses.*

5 “(6) *COURT ORDERED SUPPORT.*—*If a court has*
 6 *entered an order against an institutionalized spouse for*
 7 *monthly income for the support of the community*
 8 *spouse, the community spouse monthly income allow-*
 9 *ance for the spouse shall be not less than the amount of*
 10 *the monthly income so ordered.*

11 “(e) *PERMITTING TRANSFER OF RESOURCES TO*
 12 *COMMUNITY SPOUSE.*—

13 “(1) *IN GENERAL.*—*An institutionalized spouse*
 14 *may, without regard to section 1917, transfer to the*
 15 *community spouse (or to another for the sole benefit of*
 16 *the community spouse) an amount equal to the commu-*
 17 *nity spouse resource allowance (as defined in para-*
 18 *graph (2)), but only to the extent the resources of the*
 19 *institutionalized spouse are transferred to (or for the*
 20 *sole benefit of) the community spouse.*

21 “(2) *COMMUNITY SPOUSE RESOURCE ALLOW-*
 22 *ANCE DEFINED.*—*In paragraph (1), the ‘community*
 23 *spouse resource allowance’ for a community spouse is*
 24 *an amount (if any) by which—*

25 “(A) *the greater of—*

1 “(i) \$12,000 (subject to adjustment
2 under subsection (f)), or

3 “(ii) the lesser of (I) the spousal share
4 computed under subsection (c)(1), or (II) 4
5 times the amount described in clause (i),
6 exceeds

7 “(B) the amount of the resources otherwise
8 available to the community spouse (determined
9 without regard to such an allowance).

10 “(3) *TRANSFERS UNDER COURT ORDERS.*—If a
11 court has entered an order against an institutionalized
12 spouse for the support of the community spouse, section
13 1917 shall not apply to amounts of resources trans-
14 ferred pursuant to such order for the support of the
15 spouse of a family member (as defined in subsection
16 (d)(1)).

17 “(f) *INDEXING DOLLAR AMOUNTS.*—For services fur-
18 nished during a calendar year after 1988, the dollar amounts
19 specified in subsections (d)(3)(B) and (e)(2)(A)(i) shall be
20 increased by the same percentage as the percentage increase
21 in the consumer price index for all urban consumers (all
22 items; U.S. city average) between September 1987 and the
23 September before the calendar year involved.

24 “(g) *DEFINITIONS.*—In this section:

1 “(1) The term ‘institutionalized spouse’ means an
2 individual who—

3 “(A) is in a hospital, skilled nursing facility,
4 or intermediate care facility, or who (at the option
5 of the State) is described in section
6 1902(a)(10)(A)(ii)(VI), and

7 “(B) is married to a spouse who is not in a
8 hospital, skilled nursing facility, or intermediate
9 care facility;

10 but does not include any such individual who is not
11 likely to meet the requirements of subparagraph (A) for
12 at least 30 consecutive days.

13 “(2) The term ‘community spouse’ means the
14 spouse of an institutionalized spouse.”.

15 (b) *TAKING INTO ACCOUNT CERTAIN TRANSFERS OF*
16 *ASSETS.*—Subsection (c) of section 1917 (42 U.S.C.
17 1396p) is amended to read as follows:

18 “(c)(1) In order to meet the requirements of this subsec-
19 tion (for purposes of section 1902(a)(49)(B)), the State plan
20 must provide for a period of ineligibility in the case of an
21 institutionalized individual (as defined in paragraph (3))
22 who, at any time during the 24-month period immediately
23 before the individual’s application for medical assistance
24 under the State plan, disposed of resources for less than fair
25 market value. The period of ineligibility shall begin with the

1 month in which such resources were transferred and the
2 number of months in such period shall be equal to (A) the
3 total uncompensated value of the resources so transferred, di-
4 vided by (B) the average cost, to a private patient at the time
5 of the application, of nursing home care in the State or, at
6 State option, in the community in which the individual is
7 institutionalized.

8 “(2) An individual shall not be ineligible for medical
9 assistance by reason of paragraph (1) to the extent that—

10 “(A) the resources transferred were a home and
11 title to the home was transferred to the individual’s
12 spouse or child who is under age 21, or (with respect to
13 State eligible to participate in the State program estab-
14 lished under title XVI) is blind or permanently and to-
15 tally disabled, or (with respect to States which are not
16 eligible to participate in such program) is blind or dis-
17 abled as defined in section 1614;

18 “(B) the resources were transferred to (or to an-
19 other for the sole benefit of) the community spouse, as
20 defined in section 1921(g)(2);

21 “(C) a satisfactory showing is made to the State
22 (in accordance with any regulations promulgated by
23 the Secretary) that the individual intended to dispose
24 of the resources either at fair market value, or for other
25 valuable consideration; and

1 “(D) the State determines that denial of eligibil-
2 ity would work an undue hardship.

3 “(3) In this subsection, the term ‘institutionalized indi-
4 vidual’ means an individual who—

5 “(A) is an inpatient in a skilled nursing facility,
6 intermediate care facility, or other medical institution
7 and

8 “(B) is required, as a condition of receiving serv-
9 ices in such institution under the State plan, to spend
10 for costs of medical care all but a minimal amount of
11 the individual’s income required for personal needs.

12 “(4) A State may not provide for any period of ineligi-
13 bility for an institutionalized individual due to transfer of
14 resources for less than fair market value except in accordance
15 with this subsection.”.

16 (c) *CONFORMING AMENDMENT.*—Section 1902(a) (42
17 U.S.C. 1396a(a)) is amended—

18 (1) in paragraph (10)(C)(i)(III), by striking “the
19 same” each place it appears and inserting “no more re-
20 strictive than the”;

21 (2) by striking “and” at the end of paragraph
22 (46);

23 (3) by striking out the period at the end of the
24 paragraph (47) inserted by section 9407(a) of the Om-

1 *nibus Budget Reconciliation Act of 1986 and inserting*
 2 *a semicolon;*

3 (4) *in the paragraph (47) added by section*
 4 *11005(b) of the Anti-Drug Abuse Act of 1986, by re-*
 5 *designating such paragraph as paragraph (48), by*
 6 *transferring and inserting such paragraph immediately*
 7 *after paragraph (47), and by striking the period and*
 8 *inserting “; and”;*

9 (5) *by inserting after paragraph (48) the follow-*
 10 *ing new paragraph:*

11 “(49)(A) *meet the requirements of section 1921*
 12 *(relating to protection of community spouses), and (B)*
 13 *meet the requirement of section 1917(c) (relating to*
 14 *transfer of assets).”;* and

15 (6) *by adding at the end the following new sen-*
 16 *tence: “For purposes of paragraph (10), methodology is*
 17 *considered to be ‘no more restrictive’ if, using the meth-*
 18 *odology, additional individuals may be eligible for*
 19 *medical assistance and no individuals who are other-*
 20 *wise eligible are made ineligible for such assistance.”.*

21 (d) *EFFECTIVE DATE.—(1) The amendments made by*
 22 *this section apply (except as provided under paragraphs (2)*
 23 *and (3)) to payments under title XIX of the Social Security*
 24 *Act for calendar quarters beginning on or after January 1,*
 25 *1988, without regard to whether or not final regulations to*

1 carry out such amendments have been promulgated by such
2 date.

3 (2) In the case of a State plan for medical assistance
4 under title XIX of the Social Security Act which the Secre-
5 tary of Health and Human Services determines requires
6 State legislation (other than legislation appropriating funds)
7 in order for the plan to meet the additional requirements im-
8 posed by the amendments made by this section, the State
9 plan shall not be regarded as failing to comply with the re-
10 quirements of such title solely on the basis of its failure to
11 meet these additional requirements before the first day of the
12 first calendar quarter beginning after the close of the first
13 regular session of the State legislature that begins after the
14 date of the enactment of this Act.

15 (3) The amendments made by subparagraphs (A) and
16 (F) of subsection (c)(1) shall apply to medical assistance fur-
17 nished on or after October 1, 1982.

18 **SEC. 215. STUDY OF ADULT DAY CARE SERVICES.**

19 (a) **SURVEY OF CURRENT ADULT DAY CARE SERV-**
20 **ICES.**—The Secretary of Health and Human Services shall
21 conduct a survey of adult day care services in the United
22 States to collect information concerning—

23 (1) the scope of such services and the extent of
24 their availability;

1 (2) *the characteristics of entities providing such*
2 *services;*

3 (3) *licensure, certification, and other quality*
4 *standards that are applied to those providing such serv-*
5 *ices;*

6 (4) *the cost and financing of such services; and*

7 (5) *the characteristics of the people who use such*
8 *services.*

9 (b) *REPORT.—The Secretary shall report to Congress,*
10 *by not later than 1 year after the date of the enactment of this*
11 *Act, on the information collected in the survey. Based on*
12 *such information, the Secretary shall include in the report*
13 *recommendations concerning appropriate standards for cover-*
14 *age of adult day care services under medicare, including de-*
15 *fining chronically dependent individuals, defining services*
16 *included in adult day care services, establishing qualifica-*
17 *tions of providers of adult day care services, and establishing*
18 *a reimbursement mechanism.*

19 (c) *ADULT DAY CARE SERVICES DEFINED.—In this*
20 *section, the term “adult day care services” means medical or*
21 *social services provided in an organized nonresidential set-*
22 *ting to chronically impaired individuals who are not inpa-*
23 *tients in a medical institution.*

1 ***TITLE III—UNITED STATES BIPAR-***
2 ***TISAN COMMISSION ON COM-***
3 ***PREHENSIVE HEALTH CARE***

4 ***SEC. 301. ESTABLISHMENT.***

5 *There is established a commission to be known as the*
6 *United States Bipartisan Commission on Comprehensive*
7 *Health Care (in this Act referred to as the “Commission”).*

8 ***SEC. 302. DUTIES.***

9 *(a) IN GENERAL.—The Commission shall—*

10 *(1) examine shortcomings in the current health*
11 *care delivery and financing mechanisms that limit or*
12 *prevent access of all individuals in the United States*
13 *to comprehensive health care, and*

14 *(2) make specific recommendations to the Con-*
15 *gress respecting Federal programs, policies, and fi-*
16 *nancing needed to assure the availability of—*

17 *(A) comprehensive long-term care services for*
18 *the elderly and disabled,*

19 *(B) comprehensive health care services for*
20 *the elderly and disabled, and*

21 *(C) comprehensive health care services for all*
22 *individuals in the United States.*

23 *(b) CONSIDERATIONS IN RECOMMENDATIONS.—In*
24 *making its recommendations, the Commission shall*
25 *consider—*

1 (1) *the amount and sources (consistent with prin-*
2 *ciples of social insurance) of Federal funds to finance*
3 *the needed services, including reallocations of existing*
4 *Federal program funds, and*

5 (2) *the most efficient and effective manner of ad-*
6 *ministering such programs.*

7 (c) *DEFINITIONS.—In this title:*

8 (1) *The term “comprehensive health care services”*
9 *includes—*

10 (A) *inpatient hospital services (including*
11 *mental health services);*

12 (B) *skilled nursing facility services, interme-*
13 *diate care facility services, home health services,*
14 *and other long-term health care services;*

15 (C) *physician services and other outpatient*
16 *health care services (including mental health*
17 *services);*

18 (D) *periodic general physical examinations,*
19 *eye examinations, hearing examinations, dental*
20 *examinations, foot examinations, and other pre-*
21 *ventive health care services; and*

22 (E) *prescription drugs, eyeglasses, hearing*
23 *aids, orthopedic equipment, and dentures (both*
24 *complete and partial).*

(2) *The term “comprehensive long-term care services” includes custodial and noncustodial services in facilities, as well as home and community-based services.*

5 **SEC. 303. MEMBERSHIP.**

(a) **APPOINTMENT.**—*The Commission shall be composed of 15 members appointed as follows:*

(1) *The President shall appoint 3 members.*

(2) *The President Pro Tempore of the Senate shall appoint, after consultation with the minority leader of the Senate, 6 members, of whom not more than 4 may be of the same political party.*

(3) *The Speaker of the House of Representatives shall appoint, after consultation with the minority leader of the House of Representatives, 6 members of the House, of whom not more than 4 may be of the same political party.*

(b) **CHAIRMAN AND VICE CHAIRMAN.**—*The Commission shall elect a chairman and vice chairman from among its members.*

(c) **VACANCIES.**—*Any vacancy in the membership of the Commission shall be filled in the manner in which the original appointment was made and shall not affect the power of the remaining members to execute the duties of the Commission.*

1 (d) *QUORUM.*—A quorum shall consist of 8 members of
2 the Commission, except that 4 members may conduct a hear-
3 ing under section 305(a).

4 (e) *MEETINGS.*—The Commission shall meet at the call
5 of its chairman or a majority of its members.

6 (f) *COMPENSATION AND REIMBURSEMENT OF EX-*
7 *PENSES.*—Members of the Commission are not entitled to
8 receive compensation for service on the Commission. Mem-
9 bers may be reimbursed for travel, subsistence, and other nec-
10 essary expenses incurred in carrying out the duties of the
11 Commission.

12 **SEC. 304. STAFF AND CONSULTANTS.**

13 (a) *STAFF.*—The Commission may appoint and deter-
14 mine the compensation of such staff as may be necessary to
15 carry out the duties of the Commission. Such appointments
16 and compensation may be made without regard to the provi-
17 sions of title 5, United States Code, that govern appoint-
18 ments in the competitive services, and the provisions of chap-
19 ter 51 and subchapter III of chapter 53 of such title that
20 relate to classifications and the General Schedule pay rates.

21 (b) *CONSULTANTS.*—The Commission may procure
22 such temporary and intermittent services of consultants
23 under section 3109(b) of title 5, United States Code, as the
24 Commission determines to be necessary to carry out the
25 duties of the Commission.

1 *SEC. 305. POWERS.*

2 *(a) HEARINGS AND OTHER ACTIVITIES.—For the*
3 *purpose of carrying out its duties, the Commission may hold*
4 *such hearings and undertake such other activities as the*
5 *Commission determines to be necessary to carry out its*
6 *duties.*

7 *(b) STUDIES BY GENERAL ACCOUNTING OFFICE.—*
8 *Upon the request of the Commission, the Comptroller Gener-*
9 *al shall conduct such studies or investigations as the Com-*
10 *mission determines to be necessary to carry out its duties.*

11 *(c) COST ESTIMATES BY CONGRESSIONAL BUDGET*
12 *OFFICE.—*

13 *(1) Upon the request of the Commission, the Di-*
14 *rector of the Congressional Budget Office shall provide*
15 *to the Commission such cost estimates as the Commis-*
16 *sion determines to be necessary to carry out its duties.*

17 *(2) The Commission shall reimburse the Director*
18 *of the Congressional Budget Office for expenses relat-*
19 *ing to the employment in the office of the Director of*
20 *such additional staff as may be necessary for the Di-*
21 *rector to comply with requests by the Commission*
22 *under paragraph (1).*

23 *(d) DETAIL OF FEDERAL EMPLOYEES.—Upon the re-*
24 *quest of the Commission, the head of any Federal agency is*
25 *authorized to detail, without reimbursement, any of the per-*
26 *sonnel of such agency to the Commission to assist the Com-*

1 mission in carrying out its duties. Any such detail shall not
2 interrupt or otherwise affect the civil service status or privi-
3 leges of the Federal employee.

4 (e) *TECHNICAL ASSISTANCE.*—Upon the request of the
5 Commission, the head of a Federal agency shall provide such
6 technical assistance to the Commission as the Commission
7 determines to be necessary to carry out its duties.

8 (f) *USE OF MAILS.*—The Commission may use the
9 United States mails in the same manner and under the same
10 conditions as Federal agencies.

11 (g) *OBTAINING INFORMATION.*—The Commission may
12 secure directly from any Federal agency information neces-
13 sary to enable it to carry out its duties, if the information
14 may be disclosed under section 552 of title 5, United States
15 Code. Upon request of the Chairman of the Commission, the
16 head of such agency shall furnish such information to the
17 Commission.

18 (h) *ADMINISTRATIVE SUPPORT SERVICES.*—Upon
19 the request of the Commission, the Administrator of General
20 Services shall provide to the Commission on a reimbursable
21 basis such administrative support services as the Commission
22 may request.

23 (i) *ACCEPTANCE OF DONATIONS.*—The Commission
24 may accept, use, and dispose of gifts or donations of services
25 or property.

1 **SEC. 306. REPORT.**

2 (a) *REPORT ON COMPREHENSIVE LONG-TERM CARE*
3 *SERVICES FOR THE ELDERLY AND DISABLED.*—The
4 Commission shall submit to Congress a report, not later than
5 6 months after the date of the enactment of this Act, contain-
6 ing its findings and recommendations regarding comprehen-
7 sive long-term care services for the elderly and disabled. The
8 report shall include detailed recommendations for appropriate
9 legislative initiatives respecting such services.

10 (b) *REPORT ON COMPREHENSIVE HEALTH CARE*
11 *SERVICES.*—The Commission shall submit to Congress a
12 report, not later than 1 year after the date of the enactment of
13 this Act, containing its findings and recommendations re-
14 garding comprehensive health care services for the elderly
15 and disabled and comprehensive health care services for all
16 individuals in the United States. The report shall include
17 detailed recommendations for appropriate legislative initia-
18 tives respecting such services.

19 **SEC. 307. TERMINATION.**

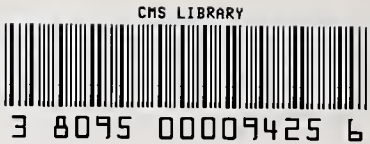
20 The Commission shall terminate 30 days after the date
21 of submission of the report required in section 306(b).

22 **SEC. 308. AUTHORIZATION OF APPROPRIATIONS.**

23 There are authorized to be appropriated \$1,500,000 to
24 carry out this title.

CMS Library
C2-07-13
7500 Security Blvd.
Baltimore, Maryland 21244

CMS Library
C2-07-13
7500 Security Blvd.
Baltimore, Maryland 21244



Union Calendar No. 121

100TH CONGRESS
1ST SESSION

H. R. 2470

[Report No. 100-105, Parts I and II]

A BILL

To amend title XVIII of the Social Security Act to provide protection against catastrophic medical expenses under the Medicare Program, and for other purposes.

MAY 22, 1987

Reported from the Committee on Ways and Means

JULY 1, 1987

Reported from the Committee on Energy and Commerce, with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed